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World news

Business summary

Reagan
'sought
phone link
with Iran'

The US tried to make contact with Iran's leaders a few days ago and passed on a direct telephone number for President Ronald Reagan, a top Iranian official said.

Lebanon truce aims
to help refugees

A ceasefire negotiated by Syria came into force aimed at allowing a convoy of food and medical supplies to enter the besieged Beirut al-Barran refugee camp in southern Lebanon. Its entry, however, was held up by Shia militia demands for the removal of Palestinian fighters from outside the camps. Camps under siege and ravaged by famine, Page 26

West Bank arrests

Israeli authorities arrested 39 men at a refugee camp in the occupied West Bank and ordered nine of them to be held without trial for three to six months for fomenting anti-Israeli activity.

Iraq renews raids

Iraq said its aircraft attacked Tehran twice and raided nine other Iranian cities after a three-day lull. Iran said its forces destroyed important radar facilities at the Kurdish city of Arbil in northern Iraq in a raid which killed 500 Iraqis.

Spain protest flares

Student protests flared again in Spain after a militant union rejected a government offer on reforms in the university admission system. Page 3

East-West talks plan

The 23 members of the Nato and Warsaw Pact alliances will begin formal contacts in Vienna next week on establishing a new forum to negotiate conventional arms cuts in Europe. Page 2

Anti-dumping move

The European Community's Commission issued proposals aimed at blocking a loophole in its anti-dumping rules. The move could spark renewed tensions over trade with Japan. Page 5

Scientist defects

Professor Klaus Hennig, head of mechanical science at the East German Academy of Sciences, has defected to the West while on a delegation visit to West Berlin.

Crisis in Punjab

Five Sikh high priests excommunicated Punjab chief minister Surjit Singh Barnala for disobeying their instruction to dissolve his ruling party. Page 4

Aquino marks coup

Philippines President Corason Aquino declared February 25 a national holiday to mark the first anniversary of a "people power revolution" which toppled Ferdinand Marcos and swept her to power.

Rome doctors march

Several thousand white-coated Italian doctors marched in silence through the centre of Rome in support of demands for new contracts and better hospital conditions.

UK strike ends

British Telecom telephone engineers voted to call off their 15-day strike and accept a two-year pay deal. Page 7

Porsche
suffers
sharp
reverse

PORSCHE, West German luxury sports car maker which is heavily dependent on the US market, reported sharply lower profits last year because of the dollar's decline. Page 21

WALL STREET: The Dow Jones industrial average closed up 13.92 at 2,171.96. Page 42

TOKYO stock market was closed yesterday for the Foundation Day holiday.

LONDON: British Airways dominated trading as prices finished sharply higher, gilts recovered slightly but remained nervous. The FTSE 100 index closed up 20.90 at 1,835.5. The FT Ordinary index rose 15.9 to 1,508.9. Page 42



COCOA prices fell on the London futures market in response to sales by West African producers. The May position closed £19.50 lower at £1,352.50 but concern about possible drought damage to Brazilian crops gave underlying support. Page 34

GOLD fell \$1 to close at \$401.25 on the London bullion market. It also fell in Zurich to \$401.35 (\$403.25). Page 34

DOLLAR closed in New York at DM 1.5195, SF 1.5412, FF 6.5590 and ¥131.85. It rose in London to DM 1.5185 (DM 1.5170); to FF 6.05 (FF 5.9500); to SF 1.5390 (SF 1.5175); and to ¥143.85 (¥142.30). Page 35

STERLING closed in New York at \$1.5180. It fell in London to \$1.5235 (\$1.5255); to DM 2.7875 (DM 2.785); to FF 9.2175 (FF 9.2050); to SF 2.2450 (SF 2.23); and to ¥234.10 (¥233.75). The pound's exchange rate index fell 0.1 to 68.5. Page 35

HOCHEST, the West German chemical company, said it would sue the European Commission in what has become a test of the EEC Commission's ability to enforce EEC law in member states.

BARBADOS Government is suspending operations of state-owned Caribbean Airways at the end of March because there is no prospect of its being profitable.

LE PRINTEMPS, big French department store chain, has taken a stake of more than 10 per cent in La Redoute and plans to work with the mail-order group in future developments. Page 21

SINGAPORE'S Stock Exchange plans changes which may permit foreign ownership of brokers to be raised from the present limit of 49 per cent to 70 per cent. Page 23

EASTERN Air Lines, now owned by Texas Air, returned to the black in the fourth quarter with profits of \$6m, against a loss last time of \$87.4m. For the full year the airline lost \$130.8m, against a profit of \$6.3m for 1985.

TELEGLOBE, state-owned group responsible for handling Canada's overseas telecommunications, is to be sold to Marmore Data, Montreal-based data communications and processing specialist, for C\$608.3m (US\$455m).

CITICORP, big New York-based banking group, has significantly expanded its retail presence in California, biggest US banking market, by acquiring 50 savings bank branches from Sears Roebuck, retailing and financial services conglomerate. Page 22

INDIA is expected to shelve plans to merge its two main public-sector airlines after meeting staff resistance. Page 23

Lonrho expands
South African
mining interests

BY STEFAN WAGSTYL IN LONDON

Lonrho, the international mining and trading company headed by Mr "Tiny" Rowland, has increased its investment in South Africa at a time when some other foreign groups are pulling out of the country and when British companies are meant to be respecting a voluntary ban on new investment.

The group, which has interests in South Africa ranging from mining to distributing Mercedes cars, yesterday announced it had raised its stake in Western Platinum, the country's third largest platinum producer, from 50.4 per cent to almost 100 per cent by buying a 49 per cent interest owned by Falconbridge, the Canadian mining company, for \$75m.

The news prompted a 10p rise in Lonrho's shares to 272p as City analysts said it was a good deal for the company.

There was an angry reaction from British supporters of the campaign for disinvestment in South Africa. The company's shares rose on the London Stock Exchange by 10p to 272p following announcement of the deal.

Mr Don Anderson, the British Labour Party foreign affairs spokesman with responsibility for South Africa, called on Sir Geoffrey Howe, the Foreign Secretary, to investigate what was "surely a blatant contravention" of the Government's voluntary ban on new investment in South Africa.

The British Department of Trade and Industry (DTI) could not say whether or not Lonrho's move broke the ban which was imposed in line with agreements on economic sanctions against South Africa reached last summer by Commonwealth and by EEC leaders. "All we do is recommend the ban. There's no way we would try to police it," the DTI said.

The Anti-Apartheid Movement, which has been monitoring British companies' activities in South Africa, said it had no record of any other new investment decision in the past year by a British company.

British companies which have pulled out of South Africa include Barclays, Prudential Assurance, and Lloyds Bank. General Motors and IBM are among US companies which have done the same.

Lonrho indicated yesterday that it bought the Falconbridge stake only after an unnamed South African company - understood to be Anglo American, the mining group - had offered to buy out Falconbridge. Lonrho said it "was not prepared to allow this holding to be sold to an unsatisfactory partner in South Africa and in the circumstances decided to consolidate its ownership by acquiring the shares."

Under the terms of a 1976 agreement signed when the mine was being developed, Lonrho had right of first refusal over the Falconbridge shares.

Falconbridge itself has been under pressure to sell - partly to reduce its heavy debts and partly to assuage anti-apartheid opinion in Canada. Paradoxically, the group increased its stake in Western Platinum from 25 per cent to 49 per cent in November, buying out Mobil Oil, but said at the time that it had done so in order to get a sale at an acceptable price.

Lonrho said that following the deal Western Platinum was a "potentially exciting company to sell in the future."

Call for tighter rules on
German insider trading

BY ANDREW FISHER IN FRANKFURT

A TOUGHENING up of Germany's stock market rules on insider trading was called for yesterday by the West German Association for the Protection of Shareholders, though it stopped short of recommending legal sanctions.

"We don't yet see the need for a special law," said Mr Hans Peter Schreier, managing director of the association. "But to avoid a legal solution, self-regulation must be made to work."

In a letter to stock market, industrial, banking, and Government organisations, he said shareholders' confidence in the capital market needed to be maintained and strengthened.

There were still too many companies - nearly 100 out of 490 quoted on German bourses - which had not accepted the voluntary insider trading rules, he said. "Without widespread acceptance, even the best rules are worthless."

In Germany, insider trading cases are few and far between, though stock market sources claim that the system on the eight bourses, in which dealings are dominated by the big banks, provides plenty of scope for insider trading.

The latest example concerned AEG, the electrical group that once faced collapse and is now controlled by Daimler-Benz. AEG's former supervisory board chairman was discovered to have bought shares in the company while talks were continuing with Daimler.

After Daimler bid for AEG late in 1985, he sold the stock. His punishment, after being found out by the Frankfurt Stock Exchange, was to repay his DM 16,000 (\$8,000) gain.

Under the guidelines accepted by most companies, managers are forbidden to trade in shares during takeover talks.

The shareholder's association, the largest in Germany, said companies coming to the market for the first time should have to accept the insider rules in full. The definition of insider should also be widened to take in consultants, journalists, shareholders with stakes of between 10 and 25 per cent, and banks.

Mr Schreier said the timing of the association's appeal for tighter rules had nothing to do with foreign insider scandals such as what involving Mr Ivan Boskey in the US. "But the public has been made more sensitive."

Thatcher
and Craxi
agree
approach
on SDI

By Robert Mautner, Diplomatic Correspondent in London

BRITAIN and Italy agreed yesterday that it was essential for the US to consult its European allies fully before taking any decision on the deployment of a space-based Strategic Defence Initiative (SDI).

Although their position, adopted at a meeting in London between Mrs Margaret Thatcher, the British Prime Minister, and Mr Bettino Craxi, Italy's Prime Minister, was not new, its timing was significant.

European members of Nato have become increasingly concerned at the contradictory statements which have emanated from Washington recently on the possibility of early deployment of SDI weapons.

Mr Caspar Weinberger, the US Defence Secretary, in particular, has given the impression that a decision on early deployment is a distinct possibility, and the reassuring statements to the contrary by Mr George Schultz, US Secretary of State, have not totally succeeded in dispelling European fears.

Although she felt obliged to make a ringing declaration of loyalty to President Reagan and the US, there is little doubt that Mrs Thatcher shares those fears.

"We both expressed the hope that the US would continue to consult its allies closely on issues connected with the strategic defence initiative," Mrs Thatcher said at a joint news conference with Mr Craxi. She added that it would be helpful if the West Europeans achieved a common view on SDI.

Mrs Thatcher was as outspoken on the European Community's financial problems as she was at her meeting in London last week with Mr Jacques Delors, President of the European Commission.

"The Community's finances must be run as rigorously as our national finances," she said at the news conference. "We must have really effective control of expenditure in the Community. We must also have a thorough reform of the Common Agricultural Policy. Agriculture must live within the budget, not determine its size."

Asked whether she was prepared to accept Mr Delors' proposal that the present system of Community financing should be replaced by contributions made up of a fixed proportion of member states' gross national product, Mrs Thatcher again replied with a categorical "no".

Mr Craxi, however, is understood to be much more favourable to the Commission's proposals.

The two leaders also discussed the situation in Lebanon, where both British and Italian hostages

Continued on Page 20

GM plans to
cut costs by
\$10bn a year

BY ANATOLE KALETSKY IN NEW YORK

GENERAL MOTORS expects to cut its operating costs by \$10bn a year by 1990 and to reduce its capital spending in the automotive business from \$10.5bn in 1986 to \$5.8bn in 1989, Mr Roger Smith, the chairman told shareholders yesterday.

In a special letter to shareholders, Mr Smith summarised the projected financial benefits from the many retrenchment announcements made over the last 12 months by the much-criticised company. It appears to have been prompted by widespread shareholder disquiet about his management record, as well as by the 26 per cent decline in GM's net profits to \$2.95bn in 1986.

For the first time since 1924, GM earned less last year than Ford, which is expected to unveil strong 1986 profits later this month.

The cost reductions would enable the company to earn an after tax return on equity of at least 15 per cent by 1990, Mr Smith promised. Based on its 1986 figures, GM's return on equity is around 9.5 per cent at present. Mr Smith also noted that a strong improvement in GM's cash

flow resulting from the completion of its largest capital expenditure programmes would "enable us to remain committed to maintaining our current dividend." GM pays a dividend of \$5 a share, which compares with net earnings of \$8.21 a share in 1986.

Mr Smith said that cost reductions would rise steadily towards the target of \$10bn annually by 1990. In 1987, savings would total \$3bn, compared \$2bn in 1986. Capital spending in 1987 would be \$7.9bn, 25 per cent less than in 1986.

Among the cost reduction programmes Mr Smith specifically mentioned were savings on salaries, which would amount to \$500m in 1987, rising to \$2bn in 1990 and beyond. Other corporate staff expenses would be reduced by \$200m in 1990. Plant closings would lower fixed costs by \$500m a year in 1990 and streamlining of the components and parts operations would save a further \$500m annually by the end of the decade. Joint ventures and divestitures would result in another \$200m of annual savings.

Continued on Page 20

Gandhi pledges to
liberalise economy

BY JOHN ELLIOTT IN NEW DELHI

MR RAJIV GANDHI, India's Prime Minister, yesterday issued a positive reaffirmation of his policies for liberalising the country's economy and opening up industry for foreign collaboration when he addressed an audience of more than 900 top international businessmen in New Delhi.

He admitted that "tremendous inertia" in India meant industrial change was "not as fast as many of us would like", but he pledged that his administration would continue the policies of change introduced in the past two years and stressed the role of the private sector and the need to "keep our doors open for ideas from outside."

Mr Gandhi's speech, made at the opening of the biennial congress of the International Chamber of Commerce, was especially significant coming at a time when he has been facing increasing criticism at home for failures in his policies and for his personal style.

The speech also showed that the recent departure of Mr Vishwanath Pratap Singh, Finance Minister for the past two years, to become Defence Minister, does not herald any revision of the country's overall economic policies. Mr Gandhi is temporarily holding the finance portfolio himself and will be presenting the country's annual budget to parliament on February 28 when he is expected to do more to encourage industrial change.

Mr Gandhi said that the Government hoped this year to rationalise and simplify the operations of the country's rapidly expanding capital markets and hoped that rationalisation of the tax system would encourage private and public sector investment.

In a section of his speech directed at his domestic audience more than at the foreign businessmen, Mr Gandhi stressed that the public sector had a continuing role to play but said this should be limited to selected "critical areas." The public sector should also become more dynamic. "A sick private sector cannot be the pride of any nation," he said.

Reflecting India's anger and concern over the gas leak at Union Carbide's Bhopal plant two years ago, in which more than 2,000 people died, Mr Gandhi appealed to the conference to consider developing "a corporate commitment to protect the environment and a corporate commitment to reduce the damage from any accident that might take place."

Continued on Page 20

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Lord King, chairman of British Airways, sees his share price soar. Page 20; Alison Maitland on the ups and downs of airlines, Page 42

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LIKE A
TAKE-OFF
THAN A
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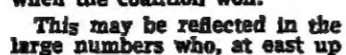
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Hugh Carnegie on the campaign trail with the Fianna Fail leader in a key constituency

Haughey works hard to keep the bandwagon rolling

This means the "Peedees," as they are called, could hold a sizeable chunk of the Dail's 166 seats—perhaps enough to hold the balance of power.

Another obstacle facing Fianna Fail is the "Charlie fac-



It might win it from Fine Gael. A lot of leaking Fine Gael support, however, is likely to go to the Progressive Democrats. Then there is the Labour candidate, party chairman Mr Michael Higgins, who is popular

Much will depend in Galway West, and in the country as a whole, on how the intervention of the Progressive Democrats will effect the pattern of transfers.

This delay has raised the possibility that the astronauts, specially trained for scientific space experiments, could fly in the meantime on one of the numerous missions planned in coming years with the Soviet Mir space station.

East and West

ries will be involved.

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reduction" in conventional forces "from the Atlantic to the Urals".

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EUROPEAN NEWS

David White reports on Madrid's reaction to unrest in the schools and potentially widespread labour conflict

Spanish youth tests the years of democracy

THE Spanish Education Ministry is now in its fourth round of negotiations with student leaders. Yesterday another big demonstration took place in Madrid. All week, hundreds of thousands of secondary-school pupils are again boycotting classes.

The school conflict, based on demands for easier access to university, is turning into a nightmare for Spain's Socialist Government. This is not just because of the frequency, virulence and size of the protests, although it has made concessions, there is no easy way of stopping the momentum. Unrest in the schools also threatens to lead straight into a period of acute labour conflict.

The Government was aware of student discontent but hardly expected it to break out as strongly as it did, spurred by the success of last year's student movement in France. The students recently coincided with seasonal farm

labourers from the south west, protesting against changes in their system of unemployment benefits. This campaign, again, was expected but surprised the Government by its vehemence.

A tough series of wage talks now looms, especially in transport, one of the sectors where Communist unionists have recently strengthened their position. Talks between employers and the more amenable Socialist union, the UGT, have failed to establish a framework wage pact.

To add to the school pupils' campaign, private school teachers are striking this week. So are taxi drivers. Coal and copper mines have been paralysed in conflicts over jobs. The axe hovers over jobs in other industries, including the steel mills where the Socialists faced their first big conflict over job cuts three years ago.

By Easter, Spain may well be in the throes of air and rail strikes. The Government, in electoral terms one of the most

strongly entrenched in Europe, is worried that it may face a series of challenges in the streets.

From the start, it took a soft line with the students. But while the pupils' concerns are ostensibly practical and non-political, the Government has discovered a distinctly political tinge among the organisers.

The two main bodies behind the protests are both new. The Union of Students, which claims the bigger following, was formed only in late 1985. Its Trotskyist spokesman, Juan Ignacio Ramos, 22, a Madrid history student, wants to go beyond educational demands to attack the Government's economic policies. The rival Coordinadora of Secondary and University Students, set up only in December, groups a mixture of tendencies, but a senior Government official describes it as "in the Communist orbit."

Both want to establish their influence and appear keen above

all to keep the movement going.

"After being here two months for nothing more than a mint toffee in return, we are not going to stop now," says Mr Ramos. "Besides, the movement is not easy to stop."

Despite the opposition of some back-to-school factions, he can claim to be the figurehead of Spain's biggest-ever student campaign, the first important one for eight years.

Left-wing groups have been trying to mobilise student opinion for years. The Union of Students found its opportunity in the discontent which crops up every year among candidates who fail to get into the university of their choice. The movement began in October and started to flare up in late November.

In the first ugly clashes, the Government took care to distinguish between peaceful teenage protesters and the hoodlums and far-right agitators who—at that stage—were the

sources of violence. But the protests have got nastier. The police, who fired live bullets at a demonstration in Madrid on January 23, wounding a 14-year-old girl, bear some of the blame for this.

The main demands are for an end to special examinations for university entrance, lower fees, more funds and the equivalent of a wage for impecunious students. At present, barely 100,000 of Spain's 800,000 university students receive grants. The Government has promised Pta 17.8bn (\$140m) more in grants for 1987-88, a rise in matriculation fees by no more than the overall inflation rate, exemption for children of low-income families and more student participation.

It proposes to reform the university selection process but refuses to scrap it altogether.

The campaign has provided an outlet for vague and more potent feelings of frustration over the lack of prospects facing

young Spaniards. Unemployment in the 16 to 24 age bracket is more than 45 per cent.

Mr Javier Solana, Minister of Culture and government spokesman, has described it as a state of mind rather than a movement. "It is difficult to negotiate with a state of mind."

In two obvious ways, Spain's conflict differs from last year's in France. The protesters are mostly much younger, in their mid-teens, and they are dealing not with a centre-right administration but with a Socialist Government, many of whose members were themselves involved in student movements in Franco's time. The four years that the Socialists have been in power have made them, in the eyes of a generation of adolescents, the only known kind of authority.

Mr Jose Maria Maravall, the 44-year-old Education Minister, calls it "the coming-out of the first generation of democracy." Regarded as one of the Socialist Party's chief theorists,



Spanish riot police beat a group of demonstrating students. Mr Maravall has been responsible for a substantial increase in education spending (which is well below the EEC average), is in the process of raising the minimum school-leaving age from 14 to 16, and

SETBACK FOR SCHLUETER'S ANTI-INFLATION POLICIES

Denmark counts cost of pay deals

BY HILARY BARNES IN COPENHAGEN

THE DANES are busily sizing up the damage done to the non-Socialist Government's anti-inflation policies by the collective wage settlements in the public and private sectors concluded in January. The verdict is not reassuring.

On the other hand, with an election this year, probably in the autumn, the generous settlements, especially in the public sector, may do Prime Minister Poul Schlüter's election prospects some good.

First to react, as always, were the financial markets. The central bank has been unable to lower the money market rate of interest to its pre-EMS readjustment level of 9½ per cent as currency has refused to flow back into the country. The rate remains at 11 per cent. Bond prices have also weakened, with average effective yields now about 11 per cent.

The collective agreements came in two parts. The first awards a cut in the working week from 39 to 37 hours by 1990, the shortest negotiated working week in Europe. As the week was cut from 40 to 39 hours last December, it will

have shortened by almost 10 per cent in four years. The wage negotiators do not seem to have stopped to ask whether this is appropriate for a country which needs to produce its way out of a serious balance of payments problem.

The wage parts of the agreement run to the spring of 1989. In the public sector, the awards will cost about 7 per cent a year, including compensation for the shorter week. The agreements contain no promises by the Government or local authorities to increase staff to compensate for the shorter week. But faced with the prospect of falling standards of service, pressures to increase the public sector payroll will be strong.

In the private sector, the size of the awards is subject to modification by local, plant-level bargaining. But the outcome will probably be about 5 per cent a year—the employers say just under and the unions just over.

This is not too shocking, but hourly wage costs in the private sector this year will be boosted by the cost of the working week

reduction last December and an increase of 1½ per cent in payroll taxes (employer social security contributions). They are, therefore, expected to increase by 9-10 per cent, which is twice as high as the average rate of increase predicted for the OECD area as a whole.

It is clear that the settlements are not going to do anything to help Denmark solve the most critical of its economic problems: its external deficit. The current account deficit last year was about Dkr 33bn (€3.5bn), some 5½ per cent of GDP. After 24 consecutive years of current account deficits, the net foreign debt is about 40 per cent of GDP.

The current account is expected to improve, perhaps substantially, in 1987, when domestic demand will decline in response to the tightening of the fiscal screw last year. The Government forecasts an increase in GDP of only half a per cent, after increases of about 3½ per cent a year from 1983 to 1986. Some bank economists think GDP will decline by up to 1½ per cent.

But the current account is

improving for the wrong reason—falling imports, not rising exports. Exports actually fell by 4.4 per cent to Dkr 171.6bn last year, even faster than the fall in imports, which declined by 3.6 per cent to Dkr 184.6bn, the trade gap widening from Dkr 11.9bn to Dkr 13bn.

The export performance is not being helped by exchange-rate policy. Mr Schlüter has staked his whole prestige on maintaining an unchanged exchange rate. As Denmark is a member of the EMS, this in practice means that the krone is being kept at an unchanged rate against the Ecu.

It is Mr Schlüter's bad luck that events in the foreign exchange markets have produced a trade-weighted revaluation of the krone of about 7 per cent since mid-1985, as the D-Mark has strengthened and the dollar, sterling, and the Swedish and Norwegian currencies have all fallen against the Danish krone. The Government remains absolutely adamant that the exchange rate is inviolate, but it may have to face the fact that costs of this policy in terms of domestic deflation can be high.



Schlüter: some successes.

Mr Schlüter's four-party coalition, which took office in September, 1982, has chalked up several successes. Inflation was cut from about 10 per cent in 1982 to 4.4 per cent last year. A massive budget deficit of about 11 per cent of GDP in 1982 was turned into a surplus in 1984.

But the current account deficit went on mounting, breaking all records last year, when falling oil prices presented an unprecedented opportunity to reduce it. As a result, the country is now back to "stop," facing a new bout of stagnation and rising unemployment.

Czechoslovakia and E Germany blow cool on Gorbachev reforms

BY LESLIE COLTIT IN BERLIN

THE COMMUNIST parties of Czechoslovakia and East Germany — two of the most orthodox in Eastern Europe — have warned vigorously against introducing political and economic reforms in their countries similar to those launched by the Soviet leader, Mr Mikhail Gorbachev.

The Czechoslovak party's chief ideologist, Mr Vasil Bilak, said that "some people" in Czechoslovakia were "enthusiastic" about the "new policy" in Moscow. He accused them of wanting to "sponge on changes in the Soviet Union" while hiding their "anti-socialist" activity.

Mr Bilak equated Czechoslovak supporters of Mr Gorbachev's reforms with backers of Mr Alexander Dubček, the reformist Czechoslovak leader whose brief "Prague Spring" ended in August 1968 with the Soviet-led occupation of Czechoslovakia.

Versaw Pact forces were ordered to Prague by the late Mr Leonid Brezhnev, the Soviet leader who was severely criti-

cised by Mr Gorbachev only last month. Mr Bilak, a senior member of the ruling politburo, was one of the Czechoslovak officials who called on Moscow to depose Mr Dubček.

His speech to ideological officials in Prague took up nearly a quarter of yesterday's front page of the party newspaper Rude Pravo.

Mr Bilak began in praise of the "precious incentives" of the Soviet Communist Party and its "principled approach" at the recent central committee meeting. But he then cautioned against "opportunistic" applying the experience of "fraternal parties" never forgetting the "lesson" learned by the Czechoslovak party in 1968.

Those Czechoslovaks who were enthusiastic about the "new policy" in Moscow were demanding that the "lesson" be recanted, he said, adding they would not "live to see that."

In actual fact the policy of the Soviet Communist Party was to restore and consolidate the "leading role" of the

party, he said. "Right-wing forces" in Czechoslovakia, however, were striving for just the opposite, and this included their projects of "so-called economic reform."

He left unclear who was meant, but the Czechoslovak leadership under Mr Gustav Husák recently announced economic reform measures, which, it said, would lead to greater autonomy for companies and fewer central planning directives. In East Germany, the main Communist newspaper, Neues Deutschland, yesterday printed letters enthusiastically approving the policies of President Erich Honecker since he assumed power in 1971.

Mr Honecker, in a speech last week to party officials, failed to even mention Mr Gorbachev's reform programme. But he sharply criticised "well-meaning persons and comrades in the alliance" for asserting that socialism still lagged behind capitalism in "political and individual rights and in democracy." This he replied was "naturally untrue."

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OVERSEAS NEWS

Punjab minister excommunicated by Sikh priests

BY JOHN ELLIOTT IN NEW DELHI

THE POLITICAL crisis in India's northern state of Punjab deepened yesterday when extremist priests stepped up their campaign to bring down the state's elected government by excommunicating Mr Surjit Singh Barnala, the chief minister, for disobeying their instruction to dissolve his ruling party.

The excommunication was ordered from the Sikhs' sacred Golden Temple of Amritsar by the religion's five high priests, who hope to isolate Mr Barnala and force mass resignations among his fellow ministers. But the move was criticised last night by moderate Sikh organisations both in the Punjab and in New Delhi, indicating that it may split India's 12-million Sikh community. The priests' move came after several days of political manoeuvres accompanied by growing violence in the Punjab, where more than 700 people have been killed in Sikh violence since the beginning of last year.

Mr Rajiv Gandhi, the Prime Minister, discussed the situation at a meeting of his political

affairs committee, which hopes Mr Barnala's embattled administration can remain in power. The most likely option would be for the Government to suspend the state assembly and declare presidential rule, which means direct control from Delhi operated through the state governor. But this would be a major political setback for Mr Gandhi's Punjab peace initiatives and would not produce any permanent solutions.

Mr Barnala's government has faced increasing problems for many months and has failed to curb extremist violence. New high priests in the Golden Temple tried to bring his administration down earlier this month by ordering all factions of the Sikhs' Akali Dal party, including the ruling group headed by Mr Barnala, to dissolve themselves and for others to resign.

Mr Barnala did not comply and this led to a series of events culminating in yesterday's excommunication. While serious in religious as well as political terms, it will not exclude Mr Barnala from continuing to practice his religion in temples controlled by moderate priests.

Allegation of petty apartheid in navy

SOUTH AFRICA'S navy, traditionally relatively liberal in its race policies, has barred mixed-race instructors from training white recruits, according to the Cape Times. Reuter reports from Cape Town.

The newspaper quoted well-placed naval sources at a major Cape base as saying that seven instructors classified as coloured or mixed-race had been transferred after an officer told them: "Black instructors can unfortunately not train white recruits."

Opposition politicians accused the Government of sponsoring this and other segregation moves to "pander to white racial prejudice" ahead of a whites-only election set for May.

Political analysts say the Government is swinging hard to the right to counter extremist parties, which accuse it of selling out while interests to the black majority by easing apartheid race segregation.

Military experts say the navy, like the army and air force, has pursued quiet but steady racial reform - integrating eating facilities, for instance.

General Magnus Malan, the Defence Minister is a former professional soldier and has the reputation of regarding unity among his forces as more important than adherence to apartheid. Last month, the navy split up a group of women volunteers recruited amid much publicity to a newly-created multi-racial unit. Indian, white and coloured women were re-segregated after just a week's training together.

The report said the coloured instructors transferred from the Saldanha Bay base on the Western Cape were sent there with six Indians to train recruits. Five of the Indians will also be transferred once the latest white intake starts basic training, it said. The remaining Indian is in charge of a mixed volunteer unit.

Gen Malan has encouraged Indians, blacks, and coloureds to volunteer for military service as violent political protest within the country has added to military demands made on the white minority. At present only white men are conscripted.

In recent years, petty apartheid has been steadily eroded. But it remains firmly entrenched in Pretoria.

US changes tack on Mideast talks

BY ANDREW WHITLEY IN JERUSALEM

THE US has told the Israeli Government that Washington supports an international conference on the Middle East as a way of bringing Jordan into direct peace negotiations with Israel.

The Reagan Administration's shift of policy was conveyed to Prime Minister Yitzhak Shamir, a stubborn opponent of such a conference, in a telegram from Mr George Shultz, the US Secretary of State.

The telegram was sent several days ago, but its existence was only confirmed yesterday. Mr Shamir is due to visit the US next week for talks with US officials, including President Ronald Reagan, and he has been warned that the conference issue will be raised.

On Tuesday the Israeli Prime Minister restated to the Knesset his rejection of even the watered-down version of a conference - a non-binding, international forum or "accommodation to direct negotiations" - publicly favoured by Mr Shimon Peres, the Labour leader and Foreign Minister.

But with the Labour Party restless at the continuation of its shotgun marriage to Likud in Israel's coalition Government of National Unity, this long simmering issue could well come to the boil in the near future. Signalling his own refusal to compromise, as well as his willingness to turn the controversy into an issue of confidence, Mr Peres yesterday angrily refused his coalition partners' interpretation of government policy.

The Labour leader insisted he had an irrevocable mandate

based on previous decisions of the Government and the Knesset to pursue the policy he favours of restarting the stalled Middle East peace process.

Clarifying his stance, Mr Peres said he opposed negotiations within the framework of an international conference. "I am in favour of direct negotiations which can commence, for a limited time, by means of an international forum," said the former Prime Minister, one of the wisest of Israel's premiers.

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Egypt poll casts doubt over talks with IMF

By Tony Walker in Cairo

PRESIDENT Hosni Mubarak's decision to seek early dissolution of parliament and fresh elections has cast a shadow over crucial negotiations between Egypt and the International Monetary Fund.

Egypt's 13m voters go to the polls today to vote on a proposal to dissolve the People's Assembly, opening the way for elections to be held under an amended electoral law.

An IMF team, which has been in Egypt since mid-January seeking an agreement on economic reforms in exchange for financial assistance, was due to leave late this week.

Egyptian and western officials privy to the negotiations say that differences remained on reforms of Egypt's multi-tiered exchange rate and liberalisation of interest rates.

Egypt favours a gradual approach while the IMF has suggested more abrupt measures. Egyptian officials are arguing that the IMF will force a delay in an agreement with the IMF. The Egyptian Government will not wish to go to the polls, they say, having accepted an IMF package which would involve economic hardship for the people.

As a holding operation, Egypt is said to be proposing a general statement of intent on economic reform that would be subject to further discussion following elections that must be held within 60 days under the electoral law.

Egypt is seeking an initial \$500m from the IMF as part of a package that will allow it to reschedule, with the assistance of western creditors, payments on its large foreign debt of about \$40bn. Egypt is heavily in arrears to creditors such as the US, France and Spain.

President Mubarak appears to have decided to seek early elections under the amended electoral law to ensure that parliament complies with the constitution.

The present parliament, elected in 1984, has been challenged in the courts by a lawyer who was prevented from standing as an independent. Amendments to the electoral law, passed last year, provide for independents in the new parliament.

Andrew Whitley on the unpredictability of a leading economic force Israeli co-op moves with the times

DANNY ROSOLIO'S office on the fifth floor of the Bistrot building, on Tel Aviv's Arlozorov Street, is not what one would expect of the boss of a multi-billion dollar group responsible for a quarter of Israel's gross national product. One of a line of identically anonymous shoe boxes, the verbal cat would have difficulty in being swung round his cramped, modest quarters.

But then Mr Rosolio is an unusual chief executive of a hybrid, uniquely Israeli, organisation. Part co-operative, part holding company, Hevrat Ha'Ovdim - literally, the Workers' Company - was established in 1923 to protect Jewish immigrants to British Palestine.

The group still retains many traces of its origins, especially in its organisation and management. But over the past 60 years it has grown into a leading force in the Israeli economy - handling a third of manufacturing output, insurance and banking, 86 per cent of agriculture and 90 per cent of bus transport - and it is an essential party to government economic decisions.

It would have been difficult for the tripartite pact signed last month between the Treasury, the unions and industry to have gone through without Danny Rosolio's assent.

Housed within the functional, East European-style headquarters of Israel's Labour Federation, its sister organisation which provides the company's 1.5m individual shareholders, Hevrat Ha'Ovdim could easily be labelled as an historical anachronism.

But its Socialist guise is deceptive. Many of the views of its 59-year-old secretary-general, the genial, unbuttoned Mr



Rosolio: unusual chief executive.

Rosolio, during his youth a fighter in the Palmach - the Jewish militia which challenged the British colonial authorities - are surprisingly unpredictable.

"Yes, yes, we have to reduce taxes," he said without hesitation last week. "The trade unions opposed it, but we fought them." And, no, the Government has not done enough to reduce its own expenditure. Mr Rosolio, it turned out, was in favour of a balanced budget.

The urgent demand in Israel for a labour shake-out, or - to put it another way - an increase in productivity, is a central issue Mr Rosolio has painfully come to grips with in the past year at Hevrat Ha'Ovdim.

contractor and a flagship abroad for the country's economy, had been bleeding to death - and the haemorrhage, if not stemmed, could have proved fatal to its parent. A grossly overmanned subsidiary of Mr Rosolio's empire, Solel Boneh had failed to adjust to the simultaneous downturn in international contracting and domestic construction, and it was paying the price.

The rescue operation launched on behalf of the troubled contractor was the largest ever conducted in Israel. The banks refinanced \$80m worth of debt, Hevrat Ha'Ovdim put in another \$80m in fresh capital, exhausting its own reserves in the process, and assets of \$110m were sold off. Toughest of all for an Israeli company whose founding raison d'être was to make both jobs and houses, the labour force had to be reduced by over half.

From a peak of 18,500, Solel Boneh's permanent manpower was slashed down to 6,000 by the end of 1986. A further 1,500 are due to receive their dismissal cards this year. Perhaps in five years' time the company could be back in the black.

Lay-offs and branch closures are also taking place at other major subsidiaries, Bank Hapoalim, which emerged last year as Israel's largest bank. But Teus, another division, is still charged specifically with jobs-in development towns.

The Hevrat Ha'Ovdim chief executive was trenchant about the crying need for new investment in Israeli industry, arguing that more should be done to attract savings and complaining about the boom in consumer

spending. "Six or seven years ago, it was said that Israel was overcapitalised. Now we are two generations behind our competitors," he said.

But on one currently fashionable dictum he would not be moved: privatisation of state companies (within whose general scope he included his own group) was not the answer. Citing the strength of Tadiran, a leading defence electronics and consumer goods subsidiary of Koor Industries, a key Hevrat Ha'Ovdim unit, Mr Rosolio argued that in Israel the private sector was not necessarily more efficient than the public.

One arm of the group is made up of Israel's Kibbutzim and Moshavim, collective rural communities in voluntary association with Hevrat Ha'Ovdim (voluntary in the automatic sense that membership of one's local parish church used to be in Britain). Mr Rosolio, a life-long kibbutz member, said his main goal in the coming years was to strengthen Israel's co-operative movement.

Paradoxically, when the Labour Party was in office, in the years to 1977, the position was very weak, he said, precisely because its acquiescence in government decisions was taken for granted. And now, under a Likud-led coalition? Well, that was a different matter. But there was no doubt that Hevrat Ha'Ovdim was a major piece in the jigsaw puzzle that has to be put together by any Israeli finance minister.

Mr Rosolio's parting shot about the organisation he heads was in keeping with. "Like everything else in Israel, it's crazy and you won't find it in the textbooks," he said.

Sri Lankan troops 'set to capture Tamil stronghold'

BY MERVYN DE SILVA IN COLOMBO

THE Sri Lankan Government is confident that an army offensive will result in the capture of Jaffna, a Tamil separatist stronghold in the island's northern peninsula, by the end of this week.

Mr Rajiv Gandhi, the Indian Prime Minister, has told the Sri Lankan Cabinet that the offensive must halt and the three-week economic blockade of the north must be lifted if India is to continue its efforts as mediator in the island's ethnic war.

But Mr Lalith Athulthammage, Sri Lankan National Security Minister, said yesterday that 5,000 troops, with naval and air support, were advancing steadily against the guerrillas, who are demanding Tamil autonomy in the eastern and northern part of the island. Tamils make up about 18 per

cent of the 16m population and claim the majority Sinhalese Buddhists discriminate against them.

The army had encircled Jaffna and Mannar, another guerrilla stronghold in the north-east, and soldiers were moving out of Jaffna Fort to start taking the city itself, he said. The army has been confined to the 300-year-old fort for two years, unable to break through the heavily mined middle ground to overpower Tamil mortar positions and regain the city from the guerrillas.

The army is reported to be clearing the area and advancing at the rate of 100 metres a day. Mr Athulthammage is widely regarded as a hawk in President Jayawardene's Cabinet. Indian policy makers in New Delhi think he has succeeded in stalling the negotiations.

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AMERICAN NEWS

Sarney comes under attack from top political parties

BY IVO DAWNAY IN RIO DE JANEIRO

PRESIDENT Jose Sarney, already embattled on the economic front, is now facing widespread criticism from Brazil's leading political parties.

While theoretically part of the governing democratic alliances coalition, member of both the dominant Brazilian Democratic Movement (PMDB) and the Liberal Front (PFL) have this week attacked the Sarney Administration for failing to tackle the rapid deterioration in the economy.

The most significant criticism

came on Monday from a key member of the government itself. Mr Aurilano Chaves, the Mines and Energy Minister, used a television interview to call for new measures to tackle growing inflation and the threat of a serious recession.

"Political problems can be resolved by discussion, but economic issues need a good measure of imagination, work and perseverance," he said. "We must have a sense of reality and understand that Brazil, for

the moment, can only expect moderate growth."

A leading member of the right-wing PFL, Mr Chaves's comments are being read by commentators as a highly guarded warning that the old political establishment is growing seriously alarmed by the government's apparent vacillation over the economy.

With strong connections to the military, Mr Chaves is seen as a leading future candidate for the presidency.

Members of the PMDB have also begun voicing their displeasure with the Government. In particular, the left of the party has been angered by Mr Sarney's decision to appoint Mr Carlos Sant'anna, a PMDB deputy as the Government's spokesman in the lower house of congress.

The move, the left argues, is tantamount to bypassing the official party leadership's role as an integral part of government. Independent commentators

have also seen the appointment as a means of diminishing the influence of the PMDB's left wing in favour of a broadly-based cross-party centrist coalition.

Today the Government faces a major demonstration in Brasilia by farmers against high interest rates and restrictions on production subsidies. In an effort to defuse the protest, the government this week freed restrictions on meat prices and reduced interest rates on farm loans.

EEC pledges support for Contadora peace effort

By David Saroner in Guatemala City

THE European Community will continue to support efforts by the Contadora group to negotiate peace in Central America and will maintain current levels of aid to the region.

This was the main outcome of a ministerial meeting here this week between the 12 EEC nations, five Central American countries, and Contadora, set up four years ago by Mexico, Panama, Colombia and Venezuela.

The meeting, the third in a series begun in San Jose in 1984, was underscored by bitter hostility of the pro-US Central American nations towards Nicaragua's left-wing Sandinista Government, which has sunk all efforts to bring peace to the region.

Mr Ricardo Acevedo, the Salvadoran Foreign Minister, for instance, rejected the opening ceremony after Nicaragua had objected to El Salvador speaking for Central America as a whole. Mr Acevedo had been chosen as joint spokesman at a meeting to which Nicaragua was not invited.

The Salvadoran posture did not gain status when, in a marathon wrangle the previous day, over the precise wording of the draft declaration for the summit, Mr Acevedo had unwittingly read out the Nicaraguan delegation's amendment.

Leo Tindemans, the Belgian Foreign Minister, and current EEC president, felt obliged to open the two-day summit by reminding his audience that only a firm political determination to seek solutions "by the Central Americans" would serve the cause of peace.

By the end, the Central Americans were persuaded, once more, to put their names to the edifying principles of Contadora, which was re-enunciated as "the only means through which a peaceful negotiated solution to the Central American crisis could visibly be reached."

Mr Rodrigo Madriz, the Costa Rican Foreign Minister, however, said outside the meeting that "Contadora is a corpse which nobody dares to bury."

Veil starts to lift on destination of Irangate money

BY LIONEL BARBER IN WASHINGTON

CONGRESSIONAL investigators into the Iranian arms scandal are getting close to cracking one of the unsolved mysteries of the affair: what happened to the million of dollars apparently siphoned off from US weapons sales to Tehran.

A favoured theory now held is that around \$10.5m was skimmed off from the Iran arms deals to finance Contra rebels in Nicaragua, but only \$2m of that cash even reached Tehran's payments for the weapons. The rest of the money diverted by Lt Col Oliver North, the White House aide asked for his role in the affair, former part of a loan made by Mr Adrian Kashoggi, the Saudi tycoon and arms dealer.

According to the Washington Post, which yesterday revealed a detailed account of the money transactions, Mr Kashoggi put up a \$15m loan to finance a secret arms shipment which was to include two US Hawk anti-aircraft radars. US officials then had second thoughts, the radar deal was dropped, and some \$8.5m became available "for other purposes."

The balance of the loan - \$6.5m was used to reimburse the Pentagon for \$4.4m worth of Hawk anti-aircraft missiles and two anti-tank missiles worth \$2.1m. Mr Kashoggi's role as a financial intermediary between Washington and Tehran has been widely reported. With his access to millions of dollars and his contacts in the Middle East, he served as a natural go-between and bank-roller of the arms sales.

If the theory is correct, then it means that far less profit was gained from the Iran sales by overcharging the Iranian side, congressional investigators believe as little as \$2m.

Yesterday President Reagan offered, for the second time, his own recollections of the arms sales. On Tuesday he accepted advice from White House lawyers and did not instruct the two key witnesses in the affair - Lt Col North and Vice-Admiral John Poindexter, the former national security adviser, to give testimony. Both men have invoked their Fifth Amendment rights against self-incrimination when appearing before congressional committees.

Speaking at a conference yesterday arranged by the New York Post, Mr Giuliani complained of a shortage of resources for the investigation and strongly criticised the leniency of judges in dealing with recent cases, including those connected with Mr Dennis Levine, a managing director at Drexel Burnham Lambert who helped supply Mr Bosky with price-sensitive takeover information.

Mr Giuliani has built a national reputation from a series of spectacularly successful prosecutions of Mafia leaders.

Mexico bows to demand of striking students

By William Orme in Mexico City

THE MEXICAN Government has bowed to student demands and agreed to water down a sweeping reform programme for the country's largest public university, the National Autonomous University (Unam).

The Government move came after a series of protests which began in January took the authorities by surprise both for their size and the amount of public backing they received.

The Government has agreed to establish a new body within Unam to prepare a fresh programme of academic and administrative reforms. This is a congress of 64 delegates, composed equally of students, faculty members and the administration-controlled University Council.

The council, which legally oversees the 340,000 persons within the Unam, convened the new congress on Tuesday. Student leaders claimed a major victory.

Since September, student activists have been fighting a package of administration sponsored reforms that included modest tuition hikes, standardised departmental exams and an end to open admissions systems guaranteeing university entrance to graduates of modest tuition hikes. Students later made a "democratic" Unam congress their principle demand as their movement swelled into a broader protest against absenteeism, chronic budget shortfalls and an unresponsive Government aligned bureaucracy.

Tim Coone reports on a cat and mouse game over human rights Tensions build in Argentine courts

THIS week and next will see Argentina's long-running human rights trials. The tensions between the judicial system, the armed forces and the Government will come to a head as the time limit of February 22 approaches. After that date, any of the military and police accused of human rights abuses during the "dirty war" of the 1970s who have not been formally accused by the courts can no longer be charged.

At the end of last year, the Government pushed through its punto final law to end the trials and bring only the most notorious offenders to justice. But the attempt to appease the armed forces is being thwarted by the courts, who are attempting to begin proceedings against as many of the estimated 1,000 accused as possible.

The manoeuvres to outwit the courts by both government and military in recent weeks have become a cat-and-mouse game with displays of both shrewdness and crudity in their challenges to the legal system.

Two naval officers cited to appear in an identity parade recently ignored two court orders. Then, in an ingenious move, they thwarted a third citation by appearing in military uniform instead of civilian clothes. Their defence lawyers successfully argued to have a further identity parade dropped altogether, as the incident provoked substantial press coverage, making an impartial identification impossible.

The Supreme Court is mean-



Astiz in the dock.

while expected to intervene in a federal court case to force the Ministry of Defence to release information required to press charges against an estimated 50 to 60 military officers in the federal court of Bahia Blanca. The Ministry defied for 25 days after the 60-day punto final clock began running, before providing information which was then found to be incomplete.

The state prosecutor for administrative affairs, Mr Ricardo Molinas, said last week that "an obstruction of justice" was clearly involved and threatened an investigation into the ministry which could involve the Minister of Defence, Mr Horacio Jaurena. Opposition leaders are calling for a congressional investigation into the affair.

The minister is also faced with the problem of how to deal with a top naval officer, Rear Admiral Jose Arriola, who

recently accused leaders of the human rights organisations of being "fellow travellers with the Marxists." President Raul Alfonsin himself is a founder of one of the human rights organisations.

If the trials provoke an institutional crisis, the first sign will appear this week. Hearings are to begin in the notorious Naval Mechanics School (Esma) case involving 15 admirals and possibly up to 100 naval officers. A detention centre was run at Esma in the 1970s and some 400 cases are to be considered. The charges cover abductions, assassinations, torture, rape and robbery of detainees.

A military court has already absolved the accused officers, in many cases without even taking testimonies from them. It went further by stating that the naval officers had acted appropriately in the repressive campaign (over 8,000 people are still missing after detention at the hands of the security forces) and it attacked a Supreme Court ruling which confirmed long prison sentences on the heads of the three military juntas between 1976 and 1983. The civilian federal court in the capital took up the Esma cases last week, accusing the military court of incompetence.

European interest in the Esma trials has been aroused by the disappearance of two French nuns at the naval school and because the naval trials begin. The Government's also fears that the navy will sit back and do nothing if they are called upon to support the coastguard as the main fishing effort gets under way at the end of the month.

surrendered his unit without a fight. He was earlier cleared of responsibility for the disappearance of a Swedish woman for lack of evidence. In the Esma case, Captain Astiz refused to appear before the military court which then failed to sanction him.

The Government is clearly uncertain what to do if he, or other naval officers, also refuse to appear before the civilian courts in the next two weeks. Mr Ideler Turelli, the Government's Secretary, reportedly told human rights leaders last week that any officers defying the courts "will be immediately cashiered."

However, the Secretary of Defence, Mr Alfredo Mosso, was more evasive when pressed by reporters, to the point of apologetic excuses for the naval officers who thwarted the identity parade at the end of last week.

The Government's embarrassment is further compounded by the fishing conflict with the UK in the South Atlantic. The navy is already upset that fisheries protection duties have been charged to the coastguard, with their own ships being held in the rearguard. Rumour has it that the Government was desperately worried that the navy might try to provoke an incident with the UK, to draw some of the heat off their comrades-in-arms as the Esma trials begin. The Government's also fears that the navy will sit back and do nothing if they are called upon to support the coastguard as the main fishing effort gets under way at the end of the month.

WORLD TRADE NEWS

Bid to extend EEC anti-dumping duties clears key hurdle

BY WILLIAM DAWKINS IN BRUSSELS

A PROPOSAL to extend anti-dumping duties to include products made in the EEC from cheap imported parts yesterday overcame a key hurdle to win the support of the European Commission.

The scheme, which has angered Japanese industrialists, had been temporarily blocked by concerns by Lord Cockfield, Commissioner for the internal market, over how it would be administered by customs authorities.

Lord Cockfield's anxieties were by yesterday satisfied by the proposal, for amending existing anti-dumping rules, passed through the Commission's weekly meeting without discussion.

The scheme will now be debated by member-states' national officials before being presented to EEC Governments for possible agreement later this year.

Officials yesterday stressed that the scheme still faces considerable hurdles and that several governments are expected to ask for more flexibility.

Most member-states accept the need at least in principle to clamp down on "Eastern importers' tendency to try to avoid anti-dumping duties by setting up low-cost assembly plants in the EEC, but Britain, France and Ireland want to examine more closely the possible damage to foreign investment and job creation.

Mr Willy de Clercq, Commissioner responsible for external trade, said yesterday: "We have discovered that as soon as the Community opens an anti-dumping inquiry or impose anti-

dumping duties on a product, this is accompanied as if by a miracle by a growth in assembly plants producing the very products covered by the inquiry or the anti-dumping duty."

But he attempted to play down any threat to foreign investment in the Community. "We believe that the measure we are proposing is likely to encourage investments that have real added value and which are thus the only ones to be real creators of lasting jobs," Mr de Clercq argued.

The proposal was not aimed specifically against any one country, but Japanese electronic typewriters, photocopyers, excavators and weighing scales are all examples of products subject to anti-dumping levies where the Commission has noticed substantial increases in EEC assembled output.

The Commission has received a record number of anti-dumping complaints on a range of other products, including compact disc players, semi-conductors and mobile telephones.

As widely expected, the Commission is proposing that the new duties should apply when an EEC assembly operation closely related to a Japanese manufacturer boosts production of a product already subject to an anti-dumping duty as an export.

Normally, the value of imported parts should be at least 20 per cent of the total.

However, the Commission yesterday emphasised that the proposal was only a framework and that it would be up to the Council of Ministers to decide how the rules should be applied in individual cases.

Ivo Dawney reports on a \$1bn joint venture which has created intense competition before it goes to tender

Brazil helicopter contract puts manufacturers in a spin

HARD-PRESSED helicopter manufacturers are fastening their seat belts for what may be the largest contract, outside the US, between now and the turn of the century—a joint venture with Brazil to build just under 500 machines.

Details of the contract, expected to be valued at above \$1bn have been delayed, reportedly because of internal disagreements between ministries as to the exact terms of the tender.

A successful bid could make the difference between bankruptcy and survival for some order-starved builders, one manufacturer claims. Evidence of unprecedented fierce competition for the contract has already emerged in a spate of corporate advertisements in the Brazilian press.

Brazil's need to extend its helicopter fleet stems from the decision last spring to allow the army an autonomous air wing of about 200 helicopters, mostly troop transporters. As additional machines will also be needed by the navy, airforce and state enterprises, the Government decided to set up an interministerial commission to assess how best to meet requirements.

According to authoritative reports, the commission has favoured the creation of a new company owned a third each by the Government, Brazilian capital and a foreign manufacturer. The number of machines to be manufactured between now and the turn of the century is estimated at 488 which, with spare parts and manufacturing infrastructure, would take the total investment required over \$1bn.

Although the commission is understood to have opted for the most ambitious programme—an integrated production capacity capable of supplying foreign markets—serious doubts have been raised. The Airforce Ministry is said to have argued that such a sophisticated, high technology investment cannot be justified given the poor international market.

The downturn in the Brazilian economy and the high cost of imported equipment are also believed to have raised doubts in the economic ministries. "There are better ways to lose money," one official reportedly remarked.

Despite the hesitancy, however, the conversion of Brazil's small helicopter capacity, from what is largely an assembly industry into a more substantive

manufacturing base, is thought inevitable given the country's large requirements.

A draft tender document, leaked in the press, demands full technology transfer by any incoming foreign manufacturer together with a large inflow of risk capital, without the promise of government incentives. The successful bidder would, however, be guaranteed a monopoly of all Brazilian Government orders.

The six major world manufacturers—Sikorsky and Bell of the US, Aerospatiale of France, Westland of the UK, MBB of West Germany and Agusta of Italy—are all jostling hard for the contract.

Aerospatiale is believed to have a slight edge through its 45 per cent involvement with Helibras, in which the state of

Minas Gerais holds a majority share. The French company has close contacts with Mr Hugo Castello Branco, the Industry Minister, who once sat on the Helibras board and currently chairs the commission.

Rivals claim, however, that Aerospatiale has been criticised in Brasilia for failing to transfer sufficient technology to the company.

The outcome of the contract race will depend on the range and capacity of the machines offered, the joint ventures negotiated between bidders and their Brazilian partners and the political weight that these can bring to bear on the appropriate authorities.

Initial reports suggest that Aerospatiale is seeking to form a consortium with Engesa, the state-owned arms manufacturer. Sikorsky are also sounding out

partners but are hampered by not having a small helicopter to offer.

Bell is believed to be in contact with Avibras, the Brazilian missile maker. Westland, which services 14 Lynx and Wasp models in Brazil, recently despatched its deputy-chairman, Admiral Sir John Treacher, to Brazil to lobby support. Agusta and MBB are also making their presence felt.

Much will depend on the exact terms of the final tendering document. Some believe that, rather than set up a new company, the Government may favour handing responsibility for the project to Embraer, the widely-admired state aeroplane maker which has conquered world markets with its military trainer, the Tucano.

Businessmen urged to take more active role in trade debate

BY WILLIAM DUFFLORCE IN GENEVA

BUSINESSMEN need to take a more active role in the trade policy debate at the national level if they are to protect their interests in the new round of trade talks, Mr Arthur Dunkel, director-general of the General Agreement of Tariffs and Trade (GATT), said yesterday.

Mr Dunkel, addressing the Congress of the International Chamber of Commerce (ICC) in New Delhi, also urged businessmen to campaign for cost-benefit analysis to be applied by their governments to trade policy.

Businessmen should also insist on the establishment of independent trade policy review bodies to allow for full

public debate on specific government trade actions.

In one of the most outspoken public statements he has made since he took over at GATT seven years ago, Mr Dunkel said the business community should be a staunch and vocal supporter of GATT in its efforts to promote trade liberalisation.

Organisations such as the ICC

had a particularly important part to play in averting "narrow parochial pressures on governments for short-sighted protectionist policies."

Recent estimates of the economic burden imposed by import restrictions in the US indicated that the annual cost of protecting one job ranged from two to eight times the average

annual wage in the industry in question.

A person did not have to be a trade expert to realise that paying \$100,000 a year to protect a \$25,000-a-year job might not be good economic policy, Mr Dunkel said.

Although small and medium-sized countries with restricted internal markets tended to be

GATT's staunchest supporters, entrepreneurs in large countries also had solid grounds for backing the world trade organisation.

The output potential of US farmers at world market prices was so great that even the large US market was insufficient to satisfy the possibilities, Mr Dunkel went on.

Tokyo admits to flaws in US-Japan chip pact

BY CARLA RAPOPORT IN TOKYO

JAPAN has admitted that parts of the US-Japan chip agreement are not working, but it still hopes the pact can be held together despite vociferous complaints against it by the US semiconductor industry.

Measures, such as raising the price of Japanese chips, are being considered by Japan's Ministry for International Trade and Industry (MITI) this week.

The US Semiconductor Industry Association charged that the US industry and government were losing \$750,000 (\$586,000) a day in dumping duties waived as part of the trade pact and in lost potential sales to Japan. The association claimed the losses would total \$160m by the end of March.

MITI this week admitted that prices of Japanese chips for sale in countries other than the US and Japan were "rather low." The US-Japan chip pact obliged Japan to monitor all chip export prices, regardless of their destination. This has resulted in higher prices in the US, but not however, in third-country markets, such as South-East Asia.

MITI says the reason for this is the growth of a "grey" market in semiconductors. It believes that unscrupulous exporters are buying chips cheaply in Japan, giving incorrect information to MITI about their selling prices in order to obtain export licences, then dumping the chips in third countries.

The ministry says it is virtually impossible to catch such exporters without a huge boost in manpower.

A MITI official said they were working very hard on the problem, but he could not say whether a successful solution could be found before the US-imposed deadline of April 1 for full implementation of the pact.

The problem MITI faces is how to discover the selling prices of semiconductors in countries outside Japan, and because semiconductors were not consumer items, it was difficult to determine which company or exporter was at fault.

MITI acknowledges, however, that 250,000 chips, for example, are being sold in Singapore for \$1.70-\$1.80, when the price should be \$2.

The fundamental solution to the problem, according to MITI, is to raise chip prices in Japan, thus eliminating any potential profit for those trying to dump chips in third-country markets.

Domestic semiconductor prices are still much lower in Japan than the US, largely because of excess capacity.

Although MITI would not give any hint of its plans for boosting the domestic chip prices, it is understood that a more strict programme of production cuts may be under consideration.

These measures and others are expected to be discussed with industry this week and next, in the hope that they will be sufficient to save the chip pact from extinction.

Rolls-Royce to gain £75m share of Boeing order

By Michael Donne

ROLLS-ROYCE will gain a £75m share of an order for three Boeing 787 twin-engine aircraft from America West, a US internal airline, which will use the Rolls-Royce RB-211-535-E4 jet engines.

The airline, one of the fastest-growing carriers in the US, has also taken an option on a further three Boeing 787s.

The value of the deal to Rolls-Royce covers not only initial engines and spares, but also customer support during the life of the engines in airline service.

Italian deal aims to boost Spanish sales

By John Wyles in Rome

ELETTRONICA, the Italian defence equipment company, 35 per cent owned by Plessey of the UK, is aiming to boost its sales to the Spanish armed forces through a new joint venture with Sistemas e Instrumentacion de Spain.

It is intended that the new company, EIT SA, which will have its headquarters in Madrid, will draw on its parents' expertise for the design, development and production of electronic defence systems.

Czechs plan to bring in joint venture law

BY MARGIE LINDSAY, RECENTLY IN PRAGUE

CZECHOSLOVAKIA plans to introduce a joint venture law this year. The government wants to simplify the setting-up of such companies, particularly with Western partners.

Until now, the Government thought it could use existing laws to set up joint ventures but their complexity has deterred Western companies from setting up operations with Czechoslovak partners.

Czechoslovak enterprises have also found it difficult to establish joint ventures with Comecon partners.

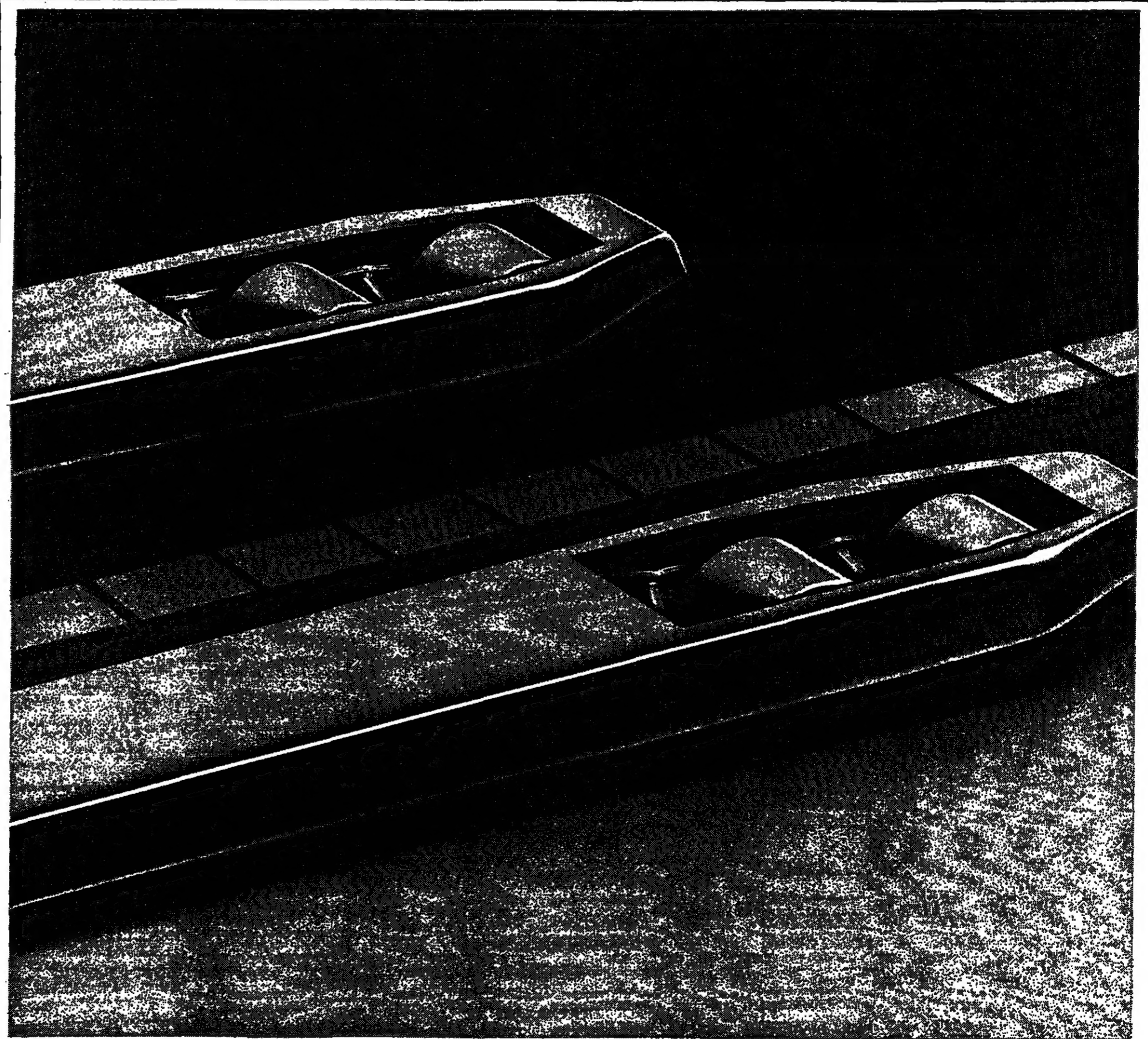
Partly as a result of problems with Western companies and partly as a response to a call by the Soviet leader, Mr Mikhail Gorbachev, for more joint

companies within Comecon, Czechoslovakia is now ready to draft a specific law.

The new law would deal with such problems as the joint venture company's relationship with the five-year and yearly date plans for economic development, repatriation of profits and management structure and authority.

So far, only one joint-venture company has been set up, using existing federal laws dealing with fixed assets, financing, taxation and other matters.

The joint venture company known as Tessek, is between the Danish company Senetek (49 per cent) and the Prague-based electronics company Tesla.



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UK NEWS

British Coal braced for super-pit battle

BRITISH Coal is preparing itself for battle on two fronts - with the Government and with the National Union of Mineworkers (NUM) - over the financing and operation of the 500m super-pit which it wants to sink at Margam, in South Wales.

The pit, which will provide 800 mining jobs and 700 construction jobs, will produce about 1.2m tonnes of coal a year for the steel industry, power stations and the house coal market.

But British Coal insists that it must produce coal for six days a week and that there should be "satisfactory arrangements" on financing it with the Government and the European Community.

Although both the unions and the Government applaud the project, they are in no hurry to meet the board's twin conditions.

Strong reservations will be voiced about it at today's meeting of the national executive of the National Union of Mineworkers. On Tuesday, Mr Des Dufield, the Welsh miners' president, said the pit could be profitable under existing work practices.

At a first glance, six-day production seems a betrayal of the historic five-day week introduced 40 years ago and remembered as one of the mining communities' most cherished victories.

However, the individual miner would not necessarily have to work more than five days a week and with longer shifts and more flexible rostering could find himself working fewer days a year, for more pay.

The six-day production would also increase the number of jobs at the pit.

Equally tough arguments are expected over British Coal's demand

Maurice Samuelson looks at problems of financing and operating a Welsh coal venture

for government financial assistance. It would like to secure a £10m regional development grant available under the 1972 Industry Act for ventures which create jobs in areas of high unemployment. It seeks to justify it on commercial grounds and on what it sees as a matter of principle.

At Margam, the grant would reduce the commercial risks arising from the vulnerability of the coking coal market to fluctuations in international currency rates and the fact that coking coal is traded in US dollars. An "up-front" cash contribution, including a low-interest EEC loan, would help Margam to achieve its target of a 12 per cent real rate of return on investment.

British Coal hopes that British Steel, which currently imports 6.5m tonnes a year out of its 8.5m tonnes of total consumption, will take at least 900,000 tonnes from Margam for the nearby Llanwern and Port Talbot steelworks.

Despite forecasts of declining world prices for coking coal - much of which currently ranges between \$40 and \$50 a tonne - British Coal is confident that Margam will be able to compete with the cheapest imports into the Welsh steelworks.

Civil servants agree with this scenario but say that is precisely why the mine will not need regional aid.

If British Coal is so worried about the commercial risks arising from adverse currency movements, officials add, why not simply finance

the whole project in dollars in which international deals are priced? British Coal is already considering this avenue but says it does not affect the validity of its claim for a grant.

For more than a decade, the coal industry has been refused access to regional development grants because of the large amounts of taxpayers' money already being poured into it. Now that it is approaching commercial viability, it feels it should start to be treated on a par with commercial companies.

Since Margam will create a substantial number of jobs, why should it be treated differently from, say, a Japanese battery company which opens a plant in South Wales?

Mr Ken Moses, British Coal's technical director, compares Margam favourably with the troubled Cornish tin industry into which the Government last year decided to pour £25m in interest-free loans and regional aid after the collapse of tin prices.

About four years ago, he recalls, the National Coal Board had refused to invest money from its own superannuation fund in the Wheal Jane tin mine, after giving it an unfavourable mining appraisal.

Meanwhile, it remains to be seen whether the European Coal and Steel Community will be more forthcoming in the bid for low interest loans.

The South Wales NUM recently canvassed the European Commission about Margam. But many of the ECSC's recent loans have gone towards financing the rundown of Europe's coal and steel industries, rather than in new investment.

Financing a new mine might be a little more complicated.

Alliance spells out need for unity

By Peter Riddell
SDP/LIBERAL Alliance parliamentary candidates have been warned by their party leaders not to commit themselves to the form or nature of any post-election coalition or tactics if no party wins an overall majority.

In a lengthy letter to Alliance candidates sent out yesterday, Mr David Steel, the Liberal leader, and Dr David Owen, the SDP leader, say: "We think you would be well advised to avoid filling in questionnaires or being cornered into answering specifically on what shape of coalition you want. Our minimum conditions of electoral reform and economic regeneration will be clearly stated in broad terms before and during the campaign. We should all avoid, therefore, the temptation of creating a detailed shopping list of demands or sticking points."

Similarly, the two leaders warn their candidates to be cautious in reply to questions about whether they want a Labour or Conservative Government - Mr Kinnock or Mrs Thatcher as Prime Minister. "The answer which we are giving is that we genuinely believe that neither Mr Kinnock nor Mrs Thatcher, nor the parties they lead, can on their own either unite the country or provide good government."

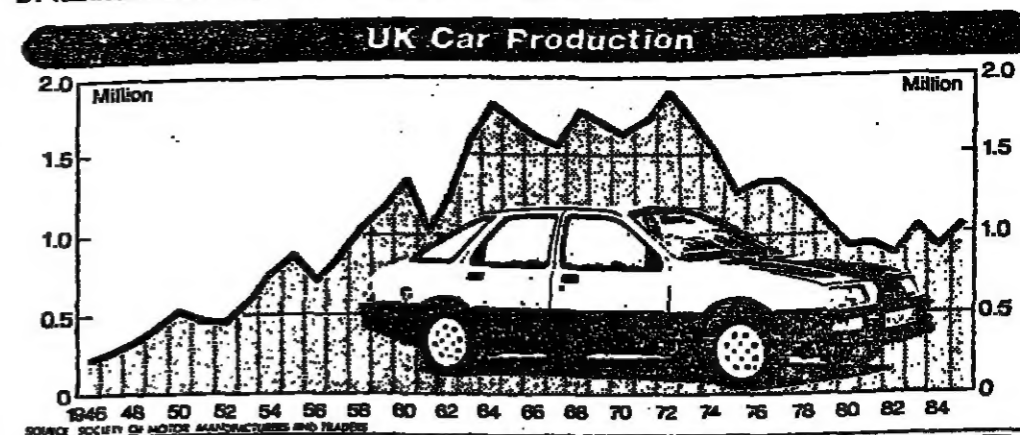
The leaders say that it is for the Conservative Party, as for the Labour Party, to choose its leader and its tactics, "but we would both find it strange out of character if Mrs Thatcher, having lost her overall majority, would wish to preside over a new coalition of consent and co-operation or that her party would wish her to remain."

The intent of the letter is to remind candidates of the need for self-discipline and of the Alliance's intention to remain indivisible. The emphasis throughout is on forcing the Conservatives and Labour to come to terms with the necessity for the government to carry on and therefore to talk to the Alliance, developing new constitutional conventions.

The letter reaffirms that the new SDP and Liberal MPs will meet separately and then together on the Saturday morning after polling.

Car makers set sights on 30% output rise by early 1990s

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT



IF ALL GOES WELL, car output in the UK by the early 1990s could increase by about 30 per cent to 1.37m a year, taking it back to levels not seen for more than 10 years.

At least, that is what the House of Commons Trade and Industry Select Committee - which is inquiring into the prospects for the UK motor components producers - has been told.

Only the most determined optimist would put much money on this being an accurate forecast because in the motor industry much can change in three years. The car companies carefully made it clear that their production plans were not written in stone.

Car output in the UK climbed steadily after the Second World War, with just a little waver from 220,000 in 1946 to reach a peak 1.2m by 1972. Then it fell just as steadily and by 1980 was back below 1m again.

Several factors caused the decline: the industrial disputes which plagued the industry during the 1970s and damaged export efforts as well as costing home sales; the opening up of the UK market to European Community producers; the arrival of the Japanese; and, most importantly, the move to pan-European production by Ford and General Motors, the Vauxhall group, which led to them supplying a great deal of demand for their cars from their Continental factories.

By the end of the 1970s both the US-owned companies were supplying at least half the cars they sold in the UK from West Germany, Belgium or Spain.

Most forecasters, such as the DRI Europe organisation, have been suggesting that annual UK car production will continue to hover around the 1m mark for the next few years. Evidence to the select committee suggested this might be too conservative.

Mr Bill Hayden, Ford of Europe's vice president, manufacturing, said that output at the group's UK factories - at Dagenham, Essex, and Halewood, Merseyside - would rise from last year's 580,000 units to 600,000 in 1987 and by 1989-90 would reach the 650,000 current capacity.

While Ford would "never put a new car assembly plant into Brit-

ain," it would open up bottlenecks at existing plants, particularly by increasing painting capacity for another 100,000 cars a year.

Mr Eric Fountain, director of public affairs for Vauxhall, told the committee his company's aim was to increase production from 230,000 a year to 300,000.

Both groups said they would use the extra output to increase the number of British-built cars sold in the UK. Ford to 75 per cent of total sales this year, the best level for 10 years and up from 65 per cent in 1986.

Mr Fountain said British-built cars and small vans would account for 70 per cent of those sold by Vauxhall in the UK this year compared with about 50 per cent in 1986.

Meanwhile, Nissan, a newcomer to car production in Britain, is gradually building up production to reach 100,000 cars a year at its Washington, Tyne and Wear, factory by 1991.

On a smaller scale, Jaguar will be very disappointed if its production, spurred by the introduction of the XJ40 saloon, does not move up to at least 65,000 a year by 1990 from the 41,500 in 1986.

There could also be spectacular growth from Lotus, which is producing a 425 per cent rise in car output, from under 1,000 last year to 5,250 a year by 1991-92.

If the potential is added up, it comes to an extra 372,000 cars a year to be produced by the early

1990s on top of the 1,018m which rolled off UK assembly lines in 1986.

However, the companies built some important assumptions into their forecasts. For example, Ford's prediction was made on the assumption that the company kept its 28 per cent market share in the UK and could export at least 50,000 cars annually, whereas there have been virtually no exports for several years.

Vauxhall's Mr Fountain stressed his company's expansion depended on the success of its programme to reduce costs by 25 per cent over the next three years and on there being no significant shift in the value of the pound against the D-Mark (important because GM's Opel subsidiary in West Germany and Ford of Germany are the main beneficiaries of Britain's appetite for imported cars).

His remark was a tacit admission that the steep fall in the value of the pound gives the UK companies a great incentive to supply more from their British plants.

While the Nissan and Jaguar expansion programmes seem solidly in place, Lotus might still decide to build its new, cheaper sports car, codenamed the M100 - which will be produced at the rate of 3,500 a year in the early 1990s - outside the UK.

The main question mark over UK car production is provided by Austin Rover, the biggest producer of British-built cars.

Mr Graham Day, chairman of the parent Rover Group, says it is fully

to make forecasts about production or profits when the company's performance in its home market is likely to be affected at any time by political debate about the state-owned group's future.

The Government's thinking was made clear by Mr Paul Channon, Industry Secretary, recently when he said: "I expect Mr Day's (corporate) plan to set out a positive course for the continuation of the company as a major producer and leading exporter of cars made in Britain."

Mr Channon obviously chose to express himself in that peculiar way - and not simply say Austin Rover will remain Britain's biggest car builder and exporter - just in case the UK company's output is far from the Japanese group with which it has a fast-developing relationship. Austin Rover recently began to assemble some Honda Balade models on a subcontract basis for the Japanese group to sell through its UK dealer network.

It seems likely that Mr Day will make no final decisions about what Austin Rover's car production potential might be and whether he needs to cut capacity until he has seen the results of the efforts being made to "put more commercial punch" into the business.

Last year Austin Rover produced 410,000 cars. All Mr Day is willing to say at the moment is that he hopes output will be a little better in 1987.

Simple fertility test claimed

BY DAVID FISHLICK, SCIENCE EDITOR

A SIMPLE and reliable test for fertility which will ease the workload on sub-fertility clinics is claimed by Boots-Celtech for a new biotechnology product launched in London yesterday.

Boots-Celtech is a joint venture between Boots and the biotechnology research company Celtech, specialising in new diagnostic products.

Mr Clive Hallam, chief executive of Boots-Celtech, forecasts an annual market "well in excess of

£10m" for a method of demonstrating that the ovaries are functioning, which is easy to use and reliable.

All these characteristics are claimed for the new test, based on research by Dr Terry Baker at the Middlesex Hospital, London, in the late-1970s, funded by the World Health Organisation.

His invention, patented by the company, has been developed into a laboratory test which can tell in only two hours, from urine samples

provided by the woman, whether or not her ovaries are functioning normally.

Dr Baker believes three women out of four will be able to avoid a much more distressing series of tests if his test gives a positive blue colour.

Boots-Celtech sees its launch in this format as the first phase of a commercial life which will lead to an over-the-counter version for fertility testing, and then to a third phase as a birth control process.

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PLESSEY

The height of high technology

US biotech group plans further plant

By David Fishlock

GENZYME Corporation, a US biotechnology company based on the east coast, is seeking British government backing for a £3.6m manufacturing investment in Suffolk on the east coast of England.

It has applied for £300,000 under the Department of Industry's scheme for helping to set up new industry, until now used mainly to support electronics.

Mr Henri Termeer, chief executive, in London yesterday to see DTI officials, said this was similar to offers of support he had already received in Ireland and the Netherlands.

Genzyme prefers Britain because it is already its main manufacturing base, he said. Genzyme makes biological products for health-care based chiefly on its enzyme technologies, where it has close links with Harvard University and the Massachusetts Institute of Technology (MIT).

Its investment plan is for a new way of synthesising chiral compounds, which can be used as intermediates in the manufacture of several types of pharmaceutical, including antibiotics, beta-blockers and tranquilisers.

Using enzyme science from Harvard, it has developed a way of synthesising only the active one of pairs of chiral compounds, such as glycidyl butyrate, avoiding the cost of separating the pair, which is a troublesome procedure.

Genzyme believes this process could provide a highly competitive way for the drug industry to make a number of major products whose patents have run out.

Professor George Whitesides, professor of chemistry at Harvard and a specialist in enzyme catalysis, is the source of the new process technology. He is a member of a panel of MIT and Harvard scientists which advises Genzyme.

Genzyme expects to make its investment decision early next month, Mr Termeer said. If it goes ahead in Britain its new plant will be at Haverhill, Suffolk, and will employ about 50 initially.

TV campaigner tries to block 'retrograde' BBC appointment

BY RAYMOND SNOODY

MRS MARY WHITEHOUSE, a tireless campaigner against sex and violence on British television, yesterday intervened in the contest for the directorship of the BBC to try to block any possible appointment of Mr Jeremy Isaacs, chief executive of Channel 4 television.

Mrs Whitehouse, chairman of National Viewers and Listeners Association, has written to Mr Margaret Hussey, chairman of the BBC, and all of the board of governors expressing "very great concern" about such a possibility.

Mr Isaacs is widely seen as one of the leading candidates for the job, as is Mr David Dimbleby, the freelance television journalist and local newspaper publisher.

In her letter to the BBC chairman Mrs Whitehouse says the appointment of Mr Isaacs "would be most retrograde and open the door to excesses which will only bring the

name and reputation on the BBC into very great disrepute."

Mrs Whitehouse has been campaigning against programmes shown on Channel 4, particularly films, which she regards as obscene. The governors are expected to draw up a short list of candidates at their meeting today.

Her intervention cannot be dismissed as an eccentricity because Mrs Margaret Thatcher, the Prime Minister, is widely believed to share Mrs Whitehouse's concern about some of the programmes shown on British television.

Mrs Whitehouse has sent the Prime Minister details of Channel 4 "red-triangle" films - films where the audience is warned to exercise special discretion and a small red triangle stays on screen throughout.

Mrs Whitehouse is showing clips from four "red-triangle" films plus

an excerpt from the BBC's Singing Detective to the all-party House of Commons Media Committee on Tuesday. The films include the French film *Thermox* and the Japanese films *Throw Away Your Books* and *Let's Go into the Streets*.

The BBC post became vacant when Mr Alisdair Milne resigned two weeks ago. When the deadline closed on Tuesday night, several hundred applications had been received by Mr Hussey.

It was the first time that the BBC had advertised its top job. It is widely expected that Mr Hussey and his board will prefer an outsider to a present BBC executive, and Mr Isaacs has been widely tipped as the preferred candidate.

Mr Hussey expects to have a short list ready for the other 11 governors at their two-weekly meeting today.

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February 12, 1987

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UK NEWS

Engineers vote to call off telephone strike

BY CHARLES LEADBEATER

BRITISH TELECOM'S (BT) 110,000 engineers will start to return to work today after they voted yesterday by a margin of about two to one to accept a two-year pay deal and call off their 16-day-old strike.

In secret ballots, 75 per cent of the National Communications Union's (NCU) engineering membership voted by 53,757 to 28,998 to accept the deal agreed by negotiators at the weekend.

The NCU's engineering group executive voted unanimously to instruct the engineers to lift all action. The engineers are expected to be back at work by midday tomorrow.

Mr Iain Vallance, BT's chief executive, welcomed the vote. "Management and staff together can work to get back to serving the customer," he said. BT said about 400,000 faults were reported during the strike largely on equipment on customers' premises, or local exchanges.

Early indications are that it will take several weeks to clear these faults which will be a priority for the engineers. BT said it has no central information on delays to the installation of new equipment.

Strong opposition to the engineers' offer, part of which is tied to the implementation of efficiency measures, emerged in the City of London, other large London branches, Glasgow, Northern Ireland, and northern branches. Mr John Golding, the union's general secretary, attributed much of the opposition to declarations by local managers that the engineers' nine-day fortnight would be suspended

on their return to work to allow the backlog of faults to be repaired more quickly.

But Mr Richard Worsley, BT's head of personnel, told the union yesterday that the company would stand by the shorter working week arrangements.

The pay award worth about 12.7 per cent over two years will be made in four payments. Three of the payments are linked to the implementation of a job flexibility package that will end demarcation lines between engineers.

The opposition in yesterday's ballots from some areas raises doubts about the speed with which the company will be able to introduce changes in those areas. Mr Vallance recognised that implementation of the efficiency measures might be uneven. But Mr Golding said the union would remain united in carrying through the agreement. He added: "The union is more united, more powerful, and more influential than ever before as a result of this strike."

Mr Vallance said the agreement provided the company with the highest degree of the flexibility it required.

The executive of the NCU's 34,000-strong clerical group yesterday recommended clerical staff accept a two-year pay deal worth 11.3 per cent. Clerical leaders expect members to endorse the deal in ballots over the next two weeks. Mr Vallance said that several of the efficiency measures BT had dropped from the settlement would be negotiated in a separate forum by September this year.

Caterpillar workers split over occupation

By James Buxton

A SPLIT occurred yesterday in the workforce occupying the Caterpillar tractor plant at Uddington near Glasgow when members of two white-collar unions voted to abandon the occupation.

ASTMS members voted 65 to 33 to end their participation in the sit-in, as did members of Tass, by 38 votes to 32. The votes followed a mass meeting of the 1,100 workers occupying the plant at which there was unanimous support for continuing the occupation. The white-collar unions then held their own ballot.

Last night the committee representing the majority of the workforce which is carrying on the occupation said that the change of mind by white-collar unions followed telephone calls from Caterpillar officials. It was said that they had promised to put workers back on the payroll if they abandoned the sit-in. Caterpillar management was not available to comment last night.

The occupation began four weeks ago when Caterpillar announced that it was to close the plant within 15 months. Just over three months earlier, the company said it would be making investment totalling £82m in the plant.

Amstrad defies sceptics with 159% mid-term profits leap

BY DAVID THOMAS

AMSTRAD, the fast growing UK consumer electronics group, defied sceptics in the City of London and the press who have long been expecting it to falter by announcing greatly improved financial results yesterday.

Pre-tax profits for the half year to the end of December were £71.2m, 159 per cent up on the same period of 1985, and almost equal to profits for the whole of the previous financial year.

The results surprised the City, and Amstrad's shares closed 19p up at 186p.

This added £47m over the day to the £36m stake held in the company by Mr Alan Sugar, Amstrad chairman and founder, who began his business career selling car aerals.

Amstrad's low-cost personal computer, launched only in September, accounted for much of the 112 per cent increase in sales to £372.4m during the half year.

The machine shot to the top of the UK market in terms of unit sales in December, overtaking IBM, the traditional market leader, even though many would-be purchasers

were still unable to find the Amstrad in the shops.

Not content to rest on his laurels, Mr Sugar promised a stream of new products yesterday: "Our new product development programme is the most aggressive we have ever embarked upon," he said.

Amstrad is planning to launch this year new versions of its personal computer and word processor, as well as new audio and video products.

Details, Page 26; Lex, Page 20

Union backs BAe effort to win aid for new Airbus

BY JIMMY BURNS

A TRADE union has put its full weight behind British Aerospace's (BAe) attempts to win substantial government aid to help the company launch the next generation of Airbus aircraft.

In a policy statement published yesterday, the manufacturing union Tass challenges the view that the company should drop the long-range, four-engine A-340, combine with McDonnell Douglas on their rival MD-11 tri-jet and allow the US company to participate in the short-haul, twin-engine A330.

Tass, which represents 15,000 employees at BAe, argues instead that the commercial viability of the company will be best served by building its complete range of aircraft in collaboration with other European governments and with strong public financing from within the UK.

Basing itself on the success of other projects such as the A320, which has broken into the US market, Tass says that Airbus may have underestimated its potential market share. US-European collaboration could, however, have negative effects.

Presenting the statement entitled "Aerospace: A Strategy for the Future," Mr Ken Gill, Tass general secretary, said that a British government should give BAe treatment on par with that being granted by other European governments, particularly the French, with their focus on a "nationally integrated industry."

"The Americans see us (the British) as junior partners and the continent ripe for exploitation," Mr Gill said.

The union was given support yesterday by Mr John Smith, Labour's trade spokesman. He gave a warning that, unless the European aircraft industry was willing to take on the US competition, mainly from Boeing, Britain faced losing an enormous market and customers worldwide would be "forced into the hands of a monopoly producer."

"The only way it can be done is on the collaborative basis which Airbus Industrie provides. An early decision on financing and an enthusiastic commitment to the projects is essential," he said.

"Aerospace: A Strategy for the Future" TASS, Park House, 64-66 Wandsworth Common, North Side, London SW18 2SH; £2.50p

Minister endorses pay deal shake-up

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE GOVERNMENT is to press for radical change in pay bargaining in the UK, including an end not only to national negotiations, but also the annual pay round, the concept of a going rate for a job, wage and salary comparability and job evaluation.

This agenda, for what would amount to an almost entirely fresh approach to pay determination was set out last night in a key policy speech by Mr Kenneth Clarke, Paymaster General and Employment Minister.

He said: "If we can move to a system where pay increases are based primarily on performance, merit, company profitability, demand and supply in the local labour market, we will de-throne once and for all the annual pay round and the belief that pay increases do not have to be earned."

Mr Clarke, who was delivering a Peat Marwick McLintock lecture at the City University Business School in London, was in the first instance renewing in aggressive terms the Government's attack on national pay bargaining and its call for pay to be tied more closely to local labour market conditions.

However, he went much further than either he or his ministerial colleagues had done previously. In particular, his call for companies to ignore pay comparability and abandon

routine methods of job evaluation is likely to meet opposition from both trade unions and employers.

Mr Norman Willis, general secretary of the Trades Union Congress, said last night: "Mr Clarke's action plan is a recipe for industrial anarchy from which many employers will shrink as fast as unions. It is dangerously dalt."

The Government's campaign to shake up pay bargaining began last autumn, when ministers first called on employers to break up national negotiations. At the same time, they urged local authorities to pull out of national agreements.

Since then, Thames Water has announced its intention of withdrawing from the water industry's national agreement; the Government has provided in its Teachers' Pay and Conditions Bill for regional pay variation for teachers in England and Wales; and the Civil Service unions have been pressed by the Treasury to negotiate pay according to regional factors.

Mr Clark said last night that many companies were moving to systems which pay was set entirely according to performance and merit. But he added that many employers were wedded to national bargaining and a "cosy" relationship with unions, being "afraid of appearing nasty to their workforce".

Graduates 'lured' away from engineering jobs

BY ANDREW TAYLOR

ENGINEERING companies are finding it difficult to attract the right kind of graduates into industry because of higher salaries paid in the City of London and elsewhere, a House of Commons select committee was told yesterday.

The Engineering Industry Training Board said that graduates which joined company training schemes were sometimes poached by other companies offering higher rewards.

It said that, of 89 graduates who joined a training scheme launched by Lucas in 1981-83, only 21 remained with the company. Out of 30 trainees who joined a similar electronics training scheme in 1981, only seven remained.

The board told the employment committee which is hearing evidence on skill shortages in industry that there was a shortage of graduates with skills in electronics and other high tech areas in most demand by industry.

A recent survey of 252 companies by the board revealed 29 per cent

experiencing "serious difficulty" in recruiting people in areas such as electrical engineering and electronics.

The board was trying to encourage more companies to increase investment in training. It accepted that investment in training by British companies was lower than that made by some of Britain's major international competitors.

It said that between 1980 and 1984 recruitment of craft and technician trainees by industry fell by 50 per cent. In 1986-87 around 8,125 trainees are expected to be recruited by industry compared with more than 20,000 in 1980-81.

The fall in recruitment was partly due to the recession in the late 1970s and early 1980s which badly affected company profits in the engineering sector.

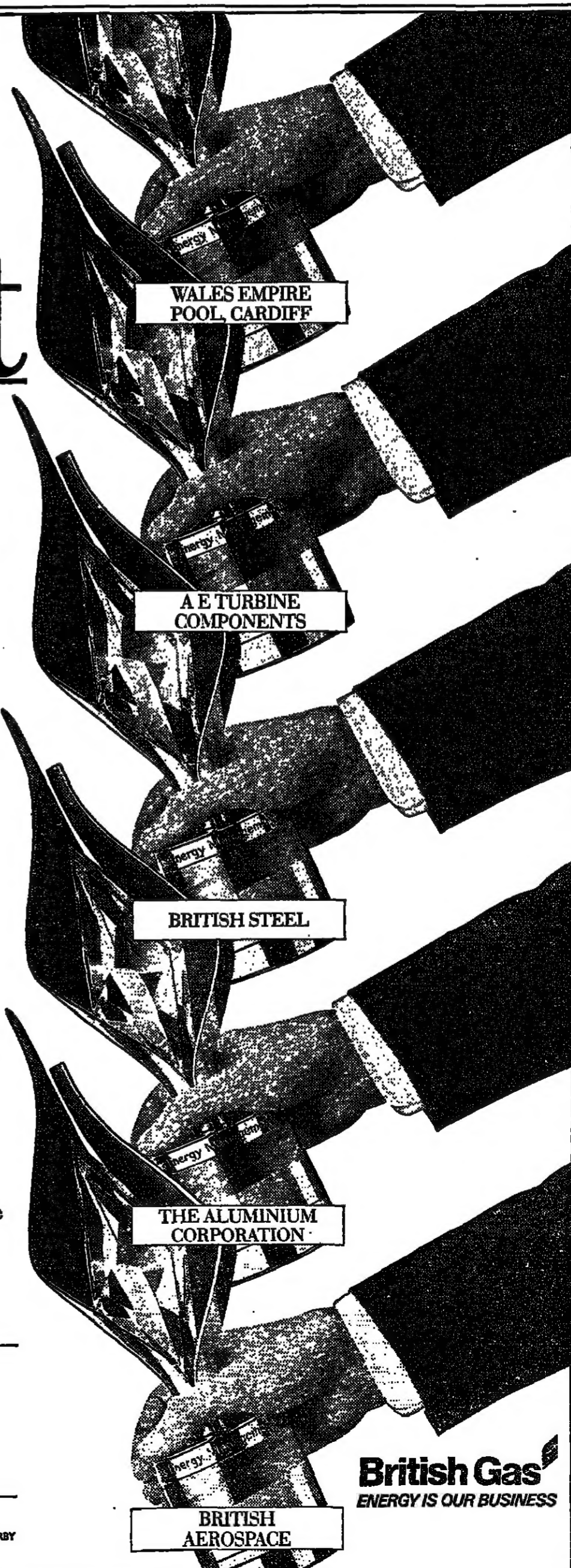
The position, however, was improving, and a number of British companies, such as Jaguar, which invest a significant proportion of turnover in training, were giving a lead to the rest of industry.

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At its meeting in Limoges on January 14, the Board decided to declare an interim dividend of FRF 31.25 per ordinary share and FRF 50 per preferred share, payable as from January 30, 1987.

COMMERCIAL LAW

UK NEWS

Minority shareholders' claim is struck out

SMITH AND OTHERS v CROFT AND OTHERS
Chancery Division: Mr Justice Knox: December 19, 1986.

A MINORITY shareholders' action in respect of ultra vires transactions by executive directors may be struck out by the court if the evidence shows that had a meeting been called of independent shareholders, the majority of their votes, having regard to the benefit of the company, would have opposed continuation of the action.

Mr Justice Knox so held when granting applications by defendants Mr Michael Lewis Carr and Film Finances Ltd ("the company"), for orders that an action by minority shareholders, Mrs Nora Smith and others, be struck out. There were seven other defendants to the action, consisting of the company's executive directors and their associated companies.

HIS LORDSHIP said that the company was incorporated in 1950. Its trade was to guarantee completion of films on time and within budget.

From October 1979 till October 1983, Mr Robert Garrett was chairman. During 1982 the executive directors and their associated companies acquired enough shares to give them, together with shareholder Wren Trust Ltd (controlled by an outside institution) overall voting control.

Mr Garrett was forced to resign. He consulted an advisor, Mr Hill, who launched a campaign of criticism of the conduct of the company's affairs by the executive directors and by Mr Carr, who became chairman and who was a director of Wren Trust, and nominated to the board by Wren Trust.

Mr Hill asserted misleading accounts, excessive remuneration for executive directors, and prima facie evidence of fraud.

Mr Carr instructed Messrs Peat Warwick & Mitchell to

investigate the complaints. Their report, which was not definitive, effectively rejected Mr Hill's criticisms. It stated that the company operated in an industry where risks and rewards were high. The levels of remuneration were often high in relation to those other industries.

The plaintiff minority shareholders issued their writ on February 7, 1985. The company and Mr Carr applied for orders that the action be struck out as frivolous, vexatious or abuse of process.

The court had to assess whether the plaintiffs had a prima facie case that the company was entitled to the relief claimed in the action, and that the action fell within the exception to the rule in *Foss v Harbottle* (1843) 2 Hare 461.

The first claim made was that payment to executive directors by way of remuneration was excessive. For example, it was averred that £170,338 paid to one director in respect of the year ending June 30, 1984, to the extent which it exceeded £83,543 paid the previous year, was in excess of a commercially fair, reasonable and proper remuneration.

No arguable ultra vires claim arose on this point. In *Rolls Royce v British Steel* [1986] Ch 346, 295 Lord Justice Slade said that if an act was capable of being performed as incidental to attainment of the company's objects "it will not be rendered ultra vires... merely because... directors in performing the act... are in truth doing so for purposes other than those set out in its memorandum."

On that basis, whereas the excessive remuneration of a director might be an abuse of power, where the power to decide on remuneration was vested in the board, as in the present case, it could not be ultra vires the company.

Also, the court's impression as to quantum was that the plaintiffs were more likely to fail than to succeed. The contradictory evidence of the very special field in which the company operated and the very high level of remuneration in

that field, were much more impressive than statistics about general levels of professional remuneration adduced by the plaintiffs.

The second category of claims related to payments made to the associated companies. It was asserted that these were unauthorised ultra vires gifts by the company, made otherwise than in good faith or for the company's benefit, but for the benefit of the executive director concerned.

A prima facie case that the payments were ultra vires was not established. The court was far from convinced that payment at the request of an executive director to an outside entity such as an associated company, was not capable of being payment in respect of services physically rendered by him.

The fact that in some instances only part of a series of payments was to be attacked lent strong support to that view. The third category of claim was based on infringement of section 43 of the Companies Act 1981.

Section 42(2) provided that where a person had incurred liability in the acquisition of shares, "it shall not be lawful for the company... to give any financial assistance... for the purpose of reducing or discharging the liability..."

A prima facie case of infringement of section 42 was established, for reasons similar to those in relation to direct remuneration.

The fourth category of claim related to directors' expenses. No prima facie ultra vires claim was established, for reasons similar to those in relation to direct remuneration.

The question now arose, especially with regard to claims under section 42, whether there was a prima facie case that the action fell within the exceptions to the rule in *Foss v Harbottle*.

In *Prudential Assurance* [1983] Ch 204 the rule was stated, "the proper plaintiff in an action in respect of a wrong... done to a corporation is prima facie the corporation... There is an exception to the

rule where what has been done amounts to fraud and the wrongdoers are in control of the company. In this case the rule is relaxed in favour of the aggrieved minority..."

As Lord Davey said in *Burdett v Earl* [1902] AC 83, the plaintiffs could not have a larger right to relief than the company would have had if it were a plaintiff. It followed that if there was a valid reason why the company should not sue, it would equally prevent the minority shareholder from suing on its behalf.

Where ultra vires transactions were involved the number of grounds on which the company could be debarred from suing was limited.

Assuming that the minority was in a position to bring an action on behalf of the company in respect of breaches of duty by persons with overall control, the question was whether it was right for the court to have regard to the views of the majority inside the minority.

The defendants claimed that it was not. They said that where the exception to the rule in *Foss v Harbottle* applied, all the court was concerned with was whether the defendants had control.

In *Prudential Assurance* the Court of Appeal said with regard to a minority shareholder's action "it might well be right for the judge trying the preliminary issue to grant a sufficient adjournment to enable a meeting of shareholders to be convened... so that he can reach a conclusion in the light of the conduct of... that meeting."

Mr Potts for the plaintiffs submitted that the purpose of that adjournment was to enable the court to decide whether the defendants had control.

That was rejected. The Court of Appeal's concern in making the statement was to secure for the judge's benefit the commercial assessment whether prosecution of the action was likely to do more harm than good.

A just result was not achieved by a single minority share-

holder having the right to involve a company in an action if all the other minority shareholders were, for disinterested reasons, satisfied that the proceedings would be productive, or of more harm than good.

It was therefore proper to have regard to the views of independent shareholders. It was common ground that no useful purpose would be served by adjourning to call a general meeting. For all practical purposes it was clear how the votes would be cast.

When Trust had expressed the view that the proceedings should not continue, if its votes were disregarded, as well as those of the defendants, the plaintiffs would have a majority of 91.62 per cent. If its votes were included, a majority of 59.24 per cent would favour discontinuance of the action.

The question was whether Wren Trust could be regarded as independent. The test of independence applied from *Allen v Gold Reefs* [1900] 1 Ch 656 onwards was whether the votes would be exercised bona fide for the benefit of the company as a whole.

A vote should only be disregarded if the court was satisfied it was cast with a view to supporting the defendants rather than securing benefit to the company, or that the situation of the voter was such that there was a considerable risk of that happening.

There was no sufficient evidence that Wren Trust had reached its conclusion on any ground other than reasons genuinely thought to advance the company's interests. Nor was there shown to be a substantial risk of its vote being cast to support the defendants as opposed to securing the benefit of the company.

The claim must be struck out. For the plaintiffs: Robin Potts QC and Daniel Serota (Counsel).

For Mr Carr: David Oliver QC (Herbert Smith and Co.).

For the company: Charles Aldous QC and Caroline Hutton (Harbottle and Lewis).

By Rachel Davies
Barrister

Fears over small shares trading 'misplaced'

BY ALEXANDER NICOLL

CONCERN that last year's Big Bang reforms of the City of London would reduce the liquidity of trading in the shares of smaller companies appear to have been misplaced, the Bank of England says.

In a commentary on the stock exchange changes and City regulation, to be published in its Quarterly Bulletin today, the Bank says that competition among market makers in the largest and most liquid stocks is encouraging some to seek a specialist role in the smaller stocks.

Moreover, the exchange's new Third Market for very small companies is being supported by established exchange members as well as by firms which previously specialised in shares traded over-the-counter and in organising venture capital.

Market-making in gamma stocks (less active) - for which there are two to five market-makers quoting indicative prices compared with more than 10 quoting firm prices for alpha (most active) stocks - has been busy, the Bank says.

The Bank says transaction costs for equity dealing have fallen

sharply since October's Big Bang. According to an informal survey which it conducted, commission rates for a deal between £100,000 and £1m have fallen from 0.4 to 0.2 per cent, and on deals of £2m to £3m commissions of 0.125 per cent could be obtained.

Institutions' costs have been reduced in other ways, it says. "The combination of considerably improved information on Seag and market-makers committed to deal at the prices and in the volumes shown on the screen, has lowered the costs and possible risks to the investor searching for the best deal."

In addition, most institutions are making savings by conducting a substantial part of their equity business on a net of commission basis either direct with market-makers or with broker/dealers trading from their own book.

Even so, the Bank says, institutions continue to use brokers partly to shop around and also to maintain access to their research.

"Client driven" fund managers, such as banking groups with access to in-house research, and the very

largest institutions, have switched to dealing net of commissions, but other pension funds and institutions continue to use stock exchange members and to pay commission, the Bank says.

Another source of possible cost-saving would be a narrowing of spreads between the bid and best offered prices - known as the "touch." Beta and gamma stocks appear to have shown a narrowing but the picture is less clear for alpha stocks, the Bank says.

Among other points in the commentary are:

● Turnover in UK and Irish equities was 21 per cent higher on average after Big Bang than in the rest of 1986, and the number of trades was up to 40 per cent, though the arrival of British Gas and Trustee Savings Bank shares may have distorted the picture.

● By December, 95 per cent of stock exchange business - other than traded options - had moved off the floor. Information on Seag which is more freely accessed and competing prices more frequently updated than on the comparable US Nasdaq system.

Changing character of swaps market identified by Bank

BY DAVID LASCELLES, BANKING CORRESPONDENT

THE FAST-DEVELOPING swaps market seems set to become a permanent feature of the financial landscape although its character may change after its early period of growth, according to an article in the Quarterly Bulletin.

The bulletin notes that there are two basic types of swap. One is the interest-rate swap where two parties agree to exchange loan payment obligations in order to gain access to markets which they might not otherwise be able to tap. The other, less developed, is the currency swap market where parties swap currency payment obligations for similar reasons.

The swap market only began in 1981. But by the end of last year, the outstanding notional value of interest rate swaps had reached

\$306bn. In the currency swap market, the Bank says \$40bn-\$45bn of swaps were entered into in 1986.

In assessing the prospects for swaps the Bank says that, as a more perfect world market evolves, the arbitrage possibilities between different markets which drive swaps will be reduced.

The growing perception of risk in the swap market may also have a dampening effect, particularly as bank supervisors begin to set more demanding capital standards for swap activity. On the other hand, other factors will drive the market forward, such as the use of swaps for asset and liability management, speculation and hedging.

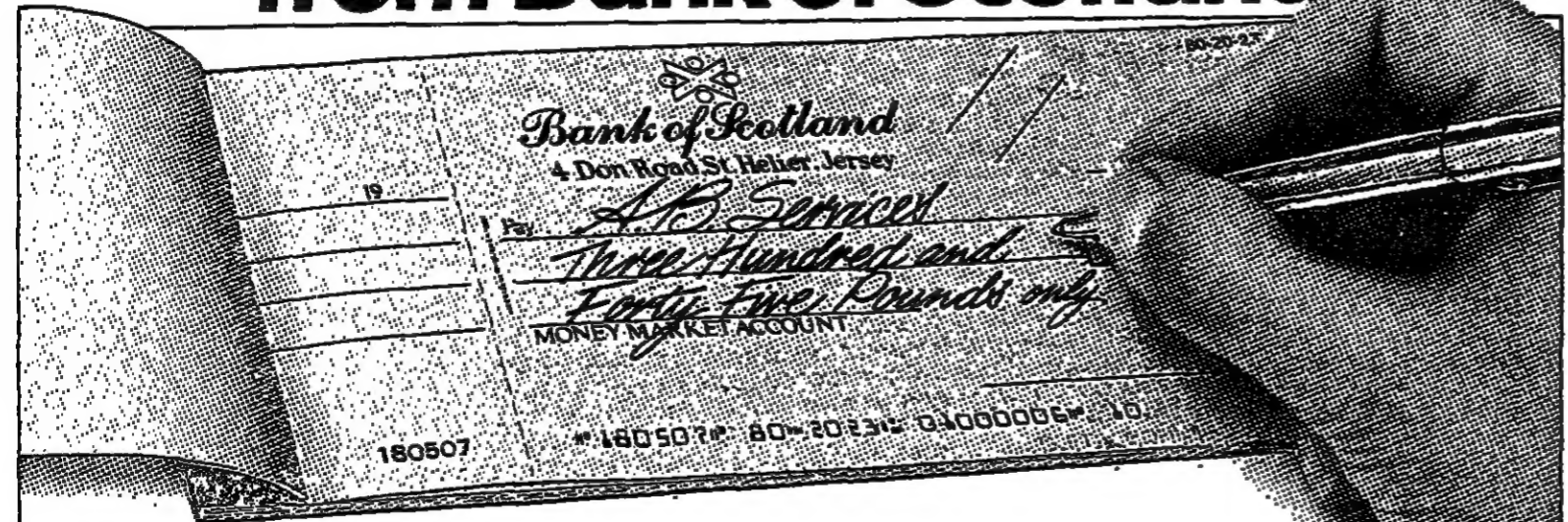
The Bank expects practitioners of swaps to respond to declining profit possibilities in swaps in two ways:

by pushing for standardised forms of swaps so that they can be more readily traded in the developing market, but also by offering more complex "one-off" swaps which carry higher fees. The Bank also foresees the evolution of swap futures and a swap clearing house.

In the UK, the growth of gilts (government stocks) trading since Big Bang might also provide a stronger base for swaps in sterling, following the US pattern where the large Treasury bond market has helped dollar swap activity dominate the world market.

In a further article on new developments in the financial markets, the Bulletin surveys the growth of commercial paper (CP) in several countries.

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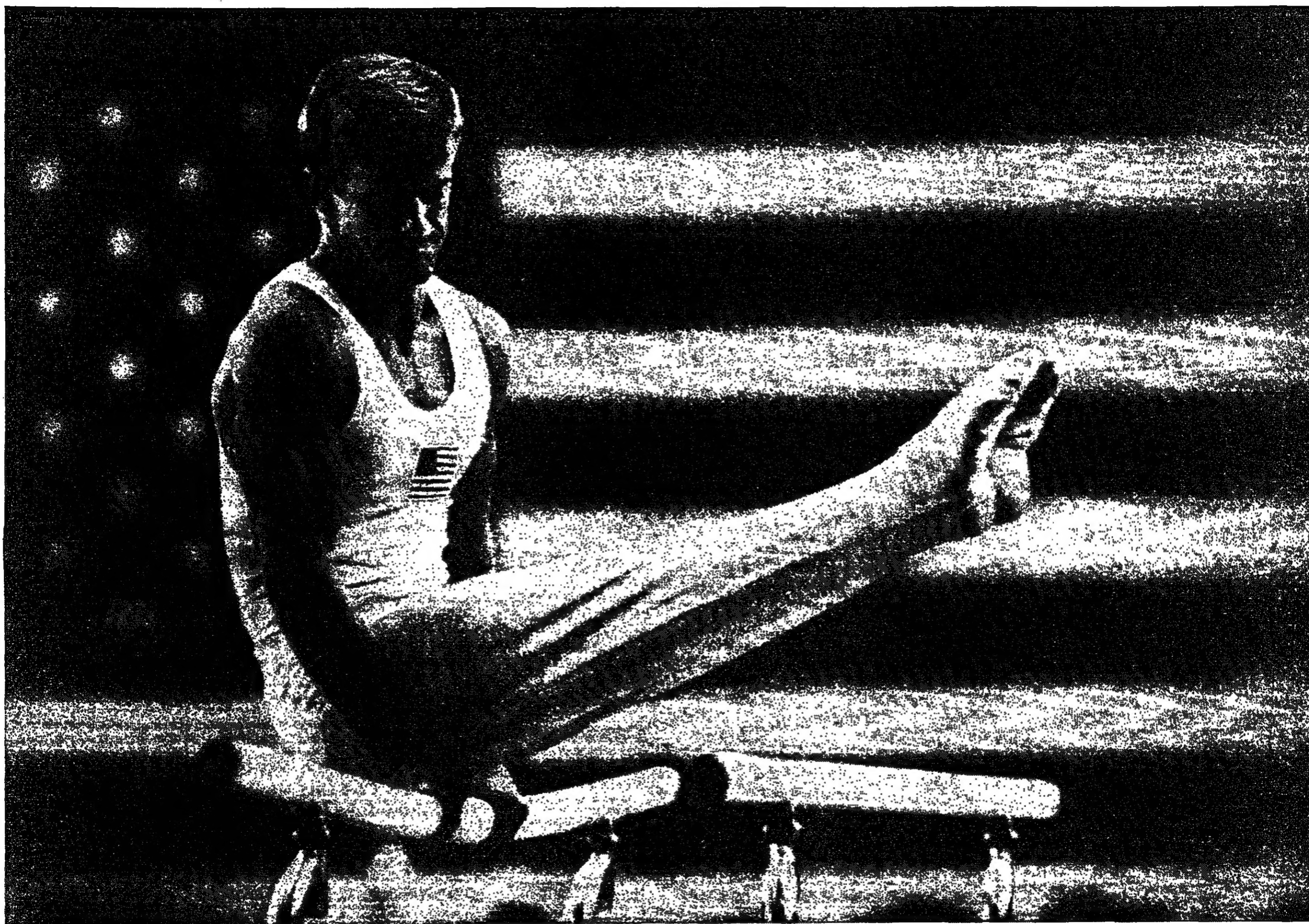
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TECHNOLOGY

Lessons from the factory floor

GENERAL MOTORS in the US has provided the first glimpse of its "factory of the future," a test-bed for advanced automation techniques now nearing completion at its Vanguard plant in Saginaw, 80 miles north of Detroit, Michigan.

Initially, Vanguard will make about 10 per cent of the total of front wheel drive units produced by the Saginaw division of GM. Although the factory's output will go to the vehicle assembly plants, the main object of Vanguard is to provide a "learning laboratory" where concepts in flexible automation, fully integrated by computer control, can be tried out and perfected. Subsequently, other GM plants throughout the world are expected to benefit from the Saginaw experience.

In particular, Vanguard will use flexible automated assembly techniques in which pairs of robots co-operate to make any quantity or type of front wheel drive unit on demand.

GM will not reveal the total cost of Vanguard, indicating only that about \$50m has been spent on machine refurbishment, which does not include computer and software costs or the expense of implementing MAP (manufacturing automation protocol).

MAP is GM's new factory communications system that allows automation equipment

General Motors sees its new Saginaw plant as a test bed where it can try out and perfect flexible manufacturing integrated by computer control. Geoffrey Charlsh reports

from a variety of manufacturers to be freely connected together and so work in unison. GM now requires its automation suppliers to comply with MAP specifications, having concluded some years ago that modernisation to compete with the Far East would prove impossible unless all the machines used identical means of communication in a highly automated plant.

Vanguard uses robots of several kinds, together with the latest machine tools, automatic guided vehicles, laser gauging (all from US suppliers) and MAP to produce parts for, and assemble, the drive unit. When complete at the end of the year, the plant will use only 40 people to make 1,450 assemblies per shift.

To achieve the required throughput, components like shafts and housings for the drive unit are machined and ground in 23 manufacturing "cells" which are flexible enough to allow, in about 10 minutes, a change in the type of com-

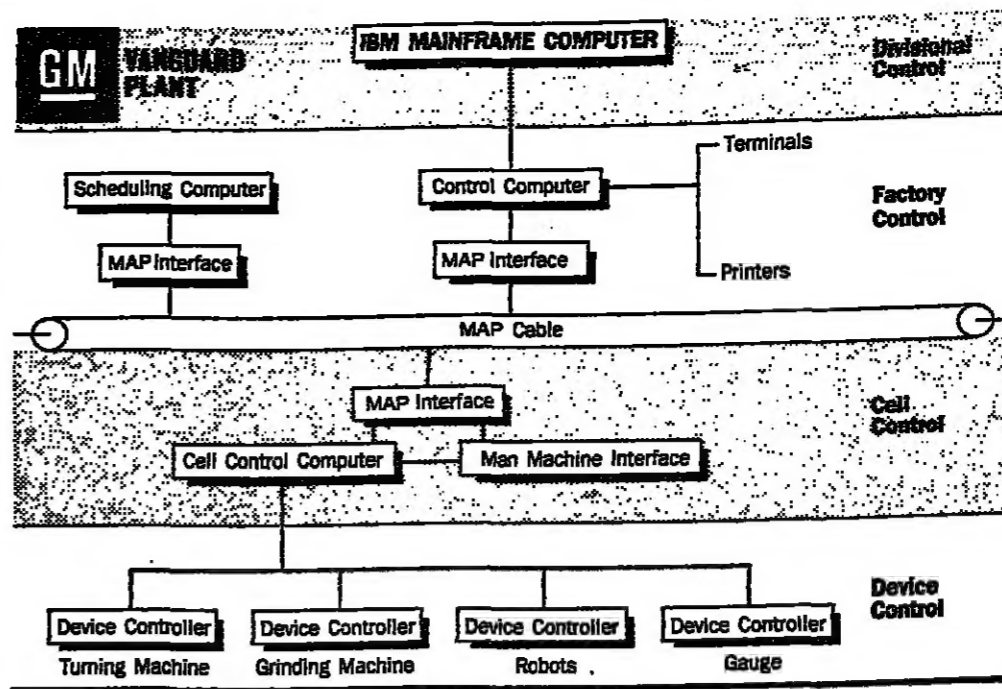
ponent being made. These cells contain machines from such companies as Jones and Lamson (machining), George Fischer Mahon (machining and Bryant Lactraflex (grinding). The machines are kept supplied by robots (mainly from Cincinnati Milacron, GFAF and GCA) and these in turn are supplied from the plant's stores by an automatic guided vehicle system from Easton-Kenway.

The vehicles also take finished components to a long assembly area, still under construction, which has two rows of 10 assembly cells. An overhead rail feeder system runs between the rows carrying, under computer control, trays of parts to specific cells. The trays are supplied by robot, at one end of the feeder rail, with the right components to assemble whatever drive unit (there are various types) the computer system has decided a particular cell will make at that moment. In this way the cells are kept as busy as possible and any type

of unit can be made in any quantity to match order demands.

In each cell, assembly routines will be performed by a pair of robots. Each picks up a part and the two co-operate, rather like a human pair of hands pushing a pen cap on to a pen. In most robotic assembly systems, "nests" are used on a bench. The first part is placed in the nest and the same (or another) robot fetches the second part and assembles it to the first. To save time, GM's system has two robots simultaneously picking up a part with immediate "two handed" assembly. Vision systems on the robot arms (from Machine Vision International) allow the two robots to see what they are doing.

The assembly area is due for completion by the end of this year. In 1988, the plan is to link in the division's existing screen and keyboard computer-aided design and manufacturing systems. These CAD-CAM systems allow engineers seated at high-definition screen and keyboard units to design new front wheel drive systems and work out the machining and assembly processes, long before any metal is cut. Manufacturing instructions will be sent over the MAP network straight to the manufacturing system computers.



The computer hierarchy has four tiers (see diagram). The first, an IBM 3084 mainframe at Saginaw divisional headquarters, deals with drive-unit orders placed throughout GM and elsewhere, together with financial and administrative matters affecting production. Data from the 3084 goes to a factory control computer supplied by Stratus. This generates instructions for everything that

goes on in the plant. Through data interface modules from Concord Data Systems, the control information is turned into MAP "language" and goes over the MAP cable to all the cell controllers. The information also goes to another Stratus machine which takes care of factory scheduling (assigning jobs to machines to keep them as fully occupied as possible). The cell controllers, made by

Maxitron, receive and keep, for as long as necessary, information from the previous "tier," and make the cell carry out a particular machining or assembly sequence to suit the work in hand. At the final computing level, device controllers, instructed by the cell controller, provide exact movement signals to the machines and robots in the cells.

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As well as new kinds of machines, Saginaw also uses new kinds of personnel.

Lathe turners and other traditional machinists have long since vanished in modern plants using computer numerically controlled (CNC) machine tools. With CNC, the operator pushes an occasional button to implement machining instructions that are provided from a computer either by a tape recording, or directly over a cable.

At Vanguard, operators in the old sense have been dispensed with, to be replaced by a new breed of well educated factory technicians much more concerned with tending and maintaining the automation equipment than making the parts.

Training for these better paid jobs can amount to 800 hours and has been agreed by a joint GM-UAW (United Auto Workers Union) committee. Such training will emphasise team work and problem solving and will include technical instruction by the companies supplying the manufacturing and assembly cells.

Bell Labs concentrates its light on pushing back frontiers of telecommunications

HOW light can be squeezed so that a light signal may need less room in an optical fibre is another recent discovery from the frontiers of optics.

Two weeks ago this column described how a group of scientists at Bell Laboratories in the US are using laser light to trap and manipulate atoms. This week we turn to another Bell physicist whose team is extending the properties of laser light, in a way which promises to profoundly improve future systems using light to transmit telecommunications and data.

Invention of the laser as a light amplifier nearly three decades ago transformed optical engineering, by making available a more powerful but also purer source of light, monochromatic instead of the mixture of wavelengths radiated by ordinary lamps. Laser light is also coherent — orderly — whereas ordinary light is incoherent, in effect a kind of "noise", which is simply energy

in a state of chaos. For this reason, ordinary light is useless for anything but the simplest communications, such as a semaphore signal.

Much of the scientific effort since the laser's invention has concentrated on raising the power of laser light sources. Optical engineering has brought this invention to the stage where Bell Laboratories itself recently claimed a new record for the amount of information transmitted by optical fibre. Two billion bits (some 200m characters of text) a second have been carried for 170 kilometres without a repeater (a device for restoring the strength of the digital light pulses).

This is equivalent to about 30 pages of this newspaper a second. Currently we fasten pages to our presses in Frankfurt at the rate of about one page every three minutes. Nevertheless, the pristine light from the laser still has imperfections. One is a tendency

to fluctuate in amplitude, which shows itself as noise. Even the best lasers still have this noise, which sets a fundamental limit to the capacity of any system using light to carry information. What Dr Richard Slusher, head of the solid state and quantum physics research laboratory of Bell Labs has done is to squeeze this noise out of that part of the light which is actually conveying the information.

The possibility of squeezing light in this way has been known to science since 1965, when optical communications were merely a pipedream. Twenty years later, Dick Slusher and his team have demonstrated how it may be possible to double the capacity of any optical communications system by using "squeezed light".

Squeezed light is a still purer form of laser light. The idea is to squeeze the noise into part of the lightwave where it causes least interference, thus giving

a better signal-to-noise ratio. At its first demonstration, the improvement was only 7 per cent but theoretically it could be as high as 100 per cent.

In a congested optical laboratory at Murray Hill, New Jersey, Slusher predicts that

OUT OF THE BACKROOM

by David Fishlock

squeezed light will find other uses, for example to increase the stability of an optical switch operation at very low power levels. Better stability will mean that such a switch will be more reliable as part of any future optical computing system.

Optical switches are key features of concepts for an optical computer far more powerful than the electronic

machines used today. Another possibility is that squeezed light will enhance the performance of a laser-based instrument called the optical gyroscope, a ring laser system currently used, for example, in Boeing's jumbo-jets. With ordinary laser light, this instrument is working at the limit of its sensitivity, which is fine for a commercial aircraft but a more sensitive optical gyro would be needed to fulfill scientific and military needs.

Dr Slusher says his job for Bell is to discover where the fundamental limits to light devices lie. "It is amazing how often you hit fundamental limits sooner than expected." The key to his way of relaxing one limit on laser light is a crystal of lithium niobate the size of a sugar cube. He puts this crystal in a vacuum chamber of his own design, called an optical cavity, and aims two different light beams at it. The weaker one is a beam of

sodium atoms produced by boiling a small amount of the metal. The other is an intense beam of laser light, which sets the sodium atoms oscillating at twice their natural frequency.

These experimental conditions can then be arranged to interact with a third beam of light, from another laser, to stretch or squeeze the amplitude of the lightwave. Dr Slusher likens the action to the way a child increases or decreases the amplitude of his swing, through a pumping action achieved by continually changing from standing to crouching and back while the swing is in motion. To increase amplitude, the child stands when the swing is low and squats when it is at its highest points.

The scientists call it parametric amplification, a well-known optical effect. Reverse it, and the amplitude of the swing (or the lightwave) is lessened.

The light is squeezed into a smaller space.

The special non-linear optical properties of the lithium niobate crystal provide the pumping action, which effectively squeezes the third laser beam. To increase the amount it is squeezed, Slusher arranged for the beam to bounce back and forth while bathed in the light of the sodium atoms.

Bell Labs claims to have squeezed light precipitated a flurry of corroborating claims from university scientists, including teams at Massachusetts Institute of Technology, the University of Texas in Austin, and the University of Waikato in Hamilton, New Zealand. At the latter, Dr Dan Walls wants to build a model of an optical switch and try to demonstrate that squeezed light will make it a better switch.

If squeezing can be harnessed efficiently, the optical engineers may be able to pack signals more tightly into an optical

fibre. But in order to do so, they will have to miniaturise Dr Slusher's optical cavity, perhaps by making a solid-state version of the whole apparatus. Ideally, an optical switch would be made of a material which itself can squeeze light.

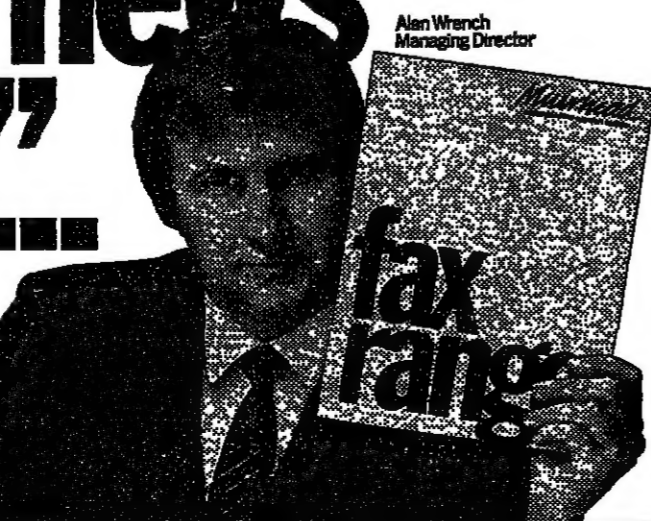
Not least of the problems facing scientists trying to squeeze light is how to detect unambiguously such an elusive phenomenon. Dr Walls calls it "a fascinating exercise in trying to see virtually nothing."

Nevertheless, the academic achievement in squeezing—University of Texas scientists have claimed 43 per cent—has already caught the imagination of the more fundamentally inclined of industrial laboratories. Not only Bell but IBM, Nippon Electric, British Telecom's research centre, and the Royal Signals and Radar Establishment of the UK's Ministry of Defence are all busy squeezing these days.

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Dated this 26th day of January 1987.
S. K. SINGLA, F.C.A., Liquidator.

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MANAGEMENT: Marketing and Advertising

J. Walter Thompson

Creativity rules—but crises keep coming

William Hall explains the paradox at the world's No 5 agency

THERE IS nothing new about the plot. An ageing, successful chief executive of a famous company hands his successor to run the company's flagship subsidiary while he concentrates on restoring the sagging fortunes of the overall group. Shortly after taking over, the new captain of the ship decides that he needs to rearrange the crew and would like to replace the admiral of the fleet. The latter discovers the mutiny and forces his heir apparent to walk the plank.

While the plot might be old, it never fails to draw a crowd and nowhere is this more evident than in the recent upheavals at J. Walter Thompson, one of the world's oldest and most admired advertising agencies, whose list of clients, ranging from IBM, Ford and Unilever to Sears Roebuck and Nestle, would make even the most blue chip investment bank green with envy.

The story so far is fairly familiar to cognoscent of good boardroom dramas. Don Johnston, a 36-year-old veteran who has headed the group for more than a decade, recently turned over the chairmanship of J. Walter Thompson, the flagship subsidiary, to his protegee, the 43-year-old Joe O'Donnell. The latter—the sixth chief executive in the firm's history—joined the group in 1976 and was considered a relative newcomer by some JWP veterans. But Wall Street had high hopes that O'Donnell would be able to remedy JWP's years of disappointing financial performance.

The official version of events which followed is that O'Donnell had an "unauthorised discussion" last month with the Claremont Group, a fledgling investment bank, concerning a possible restructuring and recapitalisation with a view towards taking the company private via a leveraged buyout. To make matters worse, JWP says that O'Donnell also organised an abortive attempt to replace Johnston as the group chief executive.

O'Donnell and John E. Peters,

the newly appointed president and chief operating officer of J. Walter Thompson, were summarily dismissed and Johnston reassumed the day-to-day leadership of the world's fifth largest advertising agency. A few days later, a grim Johnston warned an increasingly restive bunch of Wall Street investment analysts that the company had lost money in its final quarter and 1986 earnings would be about one-third of the previous year's \$18.5m.

JWP says that it does not expect any more heads to roll following the abortive palace coup and as far as it is concerned the matter is closed. However, JWP watchers on Wall Street and Madison Avenue, the capital of the world's advertising industry, are less certain that the departures of messrs O'Donnell and Peters marks the final episode in the JWP turmoil.

"The people are gone but the issues remain: why does it seem to run into crisis every few years? and why does it do such a poor job of making money?" asked Advertising Age in a recent cover story on the upheavals at "J. Walter Tumult."

In the ephemeral world of advertising there are very few world class agencies that can claim to be older than most of their clients. J. Walter Thompson, founded in 1884, is an exception. The company, which has close to 30 offices in 45 countries, no longer boasts that it has sold more goods and services in more countries than any other single advertising agency in the world, but few would challenge its claim.

Ford Motor, currently riding a wave of success in the US auto industry, is one of its oldest and probably its biggest client. Sears Roebuck hired the company to launch its new Discover card and Lord, Geller, Federico, Einstein, JWP's "premium" advertising arm, is best known for creating the Charlie Chaplin character in the highly successful IBM personal computer commercials. Once regarded as the "gray old lady" of Madison Avenue, J. Walter Thompson has

emerged in recent years as one of the most highly regarded advertising agencies. Much of the credit is given to Don Johnston.

A survey of over 20,000 consumers conducted annually by Video Storyboard Tests, an independent market research firm, shows that JWP has produced more of America's best-remembered, best-liked TV commercials than any other agency each year since 1981. Advertising Age says that JWP has created more campaigns that have finished among the 10 best-recalled campaigns than any other agency.

Unfortunately, the other side of the score board does not look so healthy. JWP's management has been "unable to translate their superior market position into above average or even average profitability," says Emma Hill of the Wertheim and Company brokerage firm.

Despite its stature in the world advertising industry JWP's current stock market capitalisation of a shade above \$300m makes it a relative minnow in the industry. By contrast, Saatchi and Saatchi, which last year paid \$450m for Ted Bates, a similar sized agency to JWP in terms of billings, has a stock market capitalisation of around \$1.3bn.

Charles Crane, who follows JWP for Prudential-Bache Securities, another Wall Street brokerage firm, describes Johnston as a "tremendous advertising agent who has done marvellous things for J. Walter Thompson."

But he believes that the underlying cause of JWP's declining profitability rests primarily in management's "stubborn adherence" to the classic school of advertising wisdom which is based on the theory that if commission and fee revenues grow quickly enough, the rest of the income statement will take care of itself.

Like most analysts on Wall Street, Crane welcomed the 1985 appointment of Glen Dell, the new chief financial officer, and last March's management reshuffle and the latest up-



J. Walter Thompson, the founder of the empire, looks benignly on Don Johnston (left) and Joe O'Donnell in happier times. Johnston subsequently forced the resignation of his heir apparent.

steps to improve its financial performance. Dell resigned last year because he was apparently unhappy about a management reshuffle and the latest upheavals have left Crane and other Wall Street analysts feeling that they have been "hoodwinked" once again.

For a group whose Hill & Knowlton public relations subsidiary is a self-proclaimed leader in helping corporations deal with crises, JWP has had considerable difficulty getting its message across to a sceptical investment community. Robert Dilenschneider, Hill & Knowlton's new chief executive, may boast that he has personally counselled six of Fortune Magazine's "ten toughest bosses" but his expertise has proved of little help to JWP's beleaguered senior management team, which has had more than its fair share of defections even by Madison Avenue standards over the past year.

Don Deaton, senior vice president of Hill & Knowlton and the JWP spokesman, says that 1986 was a terrible year for the advertising industry generally and the group had failed to retreat as quickly as some of its rivals when the expected growth failed to flow through. This factor, combined with major reorganisations of the group's two main subsidiaries, J. Walter Thompson and Hill & Knowlton,

which has been losing a lot of money in Europe, explains the disappointing performance. JWP's number one priority in 1987 is to get some "decent earnings," says Deaton, but Wall Street remains unconvinced and a number of analysts believe that the full story behind the recent boardroom drama at JWP's mid-town Manhattan offices has still to be told. JWP has acknowledged that its auditors are reviewing a letter O'Donnell wrote to a board member outlining some of his financial concerns about the company and are expected to report their conclusions at JWP's next regular board meeting scheduled for March 3.

There is a sense on Wall Street that Johnston's dramatic dismissal of his heir apparent has "put the company in play," and made it vulnerable to a hostile takeover bid. Pru-Bache's Crane believes that there is only a 10 per cent chance of a hostile bid emerging.

He estimates that there is a 40 per cent chance that the current management has been so shaken by recent events that it will begin restructuring the company and retreat into its core advertising business in an effort to enhance shareholder value. One popular theory is that JWP will try and sell Hill & Knowlton and other non-advertising assets and use the

money to buy back its shares.

While Crane argues that this is more likely than a hostile takeover bid, he believes that the most likely scenario is that the existing management is so well entrenched that they figure they do not have to do anything.

However, some other analysts are more optimistic that the recent boardroom upheavals at JWP will lead to far-reaching changes at JWP and do not rule out the possibility of a bid for what Wertheim's Emma Hill describes as "one of the most valuable marketing service franchises in the world."

One canny investor who has been doing his sums on JWP is Warren Buffet, chairman of Berkshire Hathaway, a highly successful investment firm. "They used to say that the assets of an ad agency go down the elevator at night, that you would be buying a shell. I do not think that is valid with a major agency. It's the difference between buying into the local brain surgeon and buying into the Mayo Clinic. When you come to a company the size of JWP, you have reached a point where the institution is responsible for more value than the individual," Buffet says in an interview in the latest issue of New York magazine. Perhaps the last has not been heard of O'Donnell.

Forget the product—feel the service

Christopher Parkes finds that the beef behind McDonald's comes mainly from property

THOSE WHO like their hamburger history well-dosed and their spiciness half-baked will revel in McDonald's Behind the Arches.

Journalist John F. Love's history of the \$11bn fast food corporation is as stuffed with tasty trimmings, as neatly packaged and as readily digestible as any Big Mac.

Love piles us with statistics which cut through the fog created by figures such as the number of times McDonald's sales of tomato ketchup would fill the Grand Canyon, and bring the group into clearer focus. For example, the company has a 20 per cent share of the \$45bn US fast food market, turns 7.5 per cent of the country's entire potato harvest into chips, and accounts for 5 per cent of Coca-Cola's US sales.

He also points out that one in every 15 US workers has been employed by McDonald's at some time. It was in the heat of the hamburger kitchen where they "first learned about work routines, job discipline and organisational teamwork."

All three of these operational doctrines just as much as the QSC (Quality, Service and Cleanliness) rules, invented by McDonald's and now an international standard for the fast food trade, are central to the success of the company.

The author makes this plain as he rewrites the mythology which has all but submerged the real Ray Kroc, milk shake machine salesman, tough guy, and founder of the present empire.

"Kroc was a dreamer, but he did not dream up the fast food invention and was not the first to discover the McDonald brothers who did. . . . Every food product he thought of . . . bombed in the marketplace," Love writes.

His real secret was the way he selected and motivated his managers, franchisees and suppliers. An entrepreneur himself, he built the group by gathering around him hundreds of other entrepreneurs.

"The fundamental secret to McDonald's success is the way it achieves uniformity and allegiance to an operating regimen without sacrificing the strengths of American individualism and diversity," Love

claims. This sits uneasily alongside certain of Kroc's more ponderous aphorisms: "We cannot trust some people who are non-conformists . . . We will make conformists of them in a hurry," for example. But no matter.

The author later reveals secrets which the more cold-blooded might consider rather more "fundamental".

Kroc never took the time to understand his company's balance sheet. While franchisees were growing rich on McDonald's unique franchising formula, his operation was virtually bankrupt in the late 1950s. It was not until 1961 that he even began to draw a salary, having lived in the meantime on sales of milkshake machines to new operators.

The credit for taking the company in the big league, as Kroc admitted shortly before he died in 1984, belonged to Harry Sonneborn, and Franchise Realty Corporation, Sonneborn, who worked alongside Kroc for 10 years before an acrimonious rift developed, spawned this offshoot in 1956.

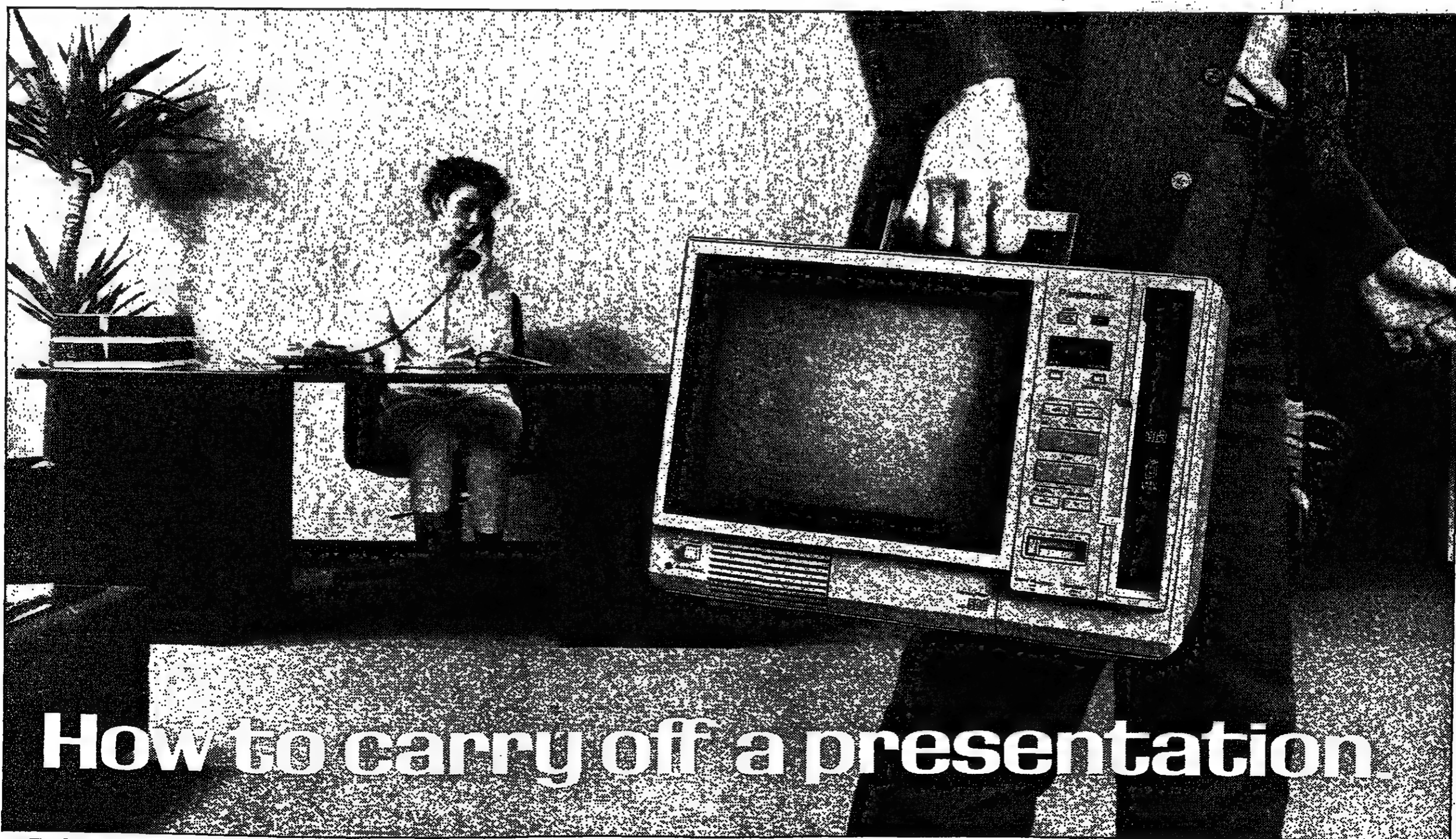
It was FRC which set the group on the road to real prosperity by transforming it at a stroke into a property company which sells hamburgers. The result is that now 90 per cent of the profits McDonald's earns from restaurant franchising come in the form of real estate rentals.

Around this hard core, the author has written a fascinating book about a company which clearly fascinates him and deserves to entertain and possibly educate a large international readership.

Where's the beef? Perhaps we could have done with a little less fine detail on how to cook chips and slice cheese. And although Love states that this is not a corporate book—the sort of thing spawned by companies in self-congratulatory mood—it occasionally has the flavour of just such a PR exercise.

He goes a little too easy on the pickle. A little less sweet ketchup and a touch more of the sceptic's vinegar might have provided more to enjoy.

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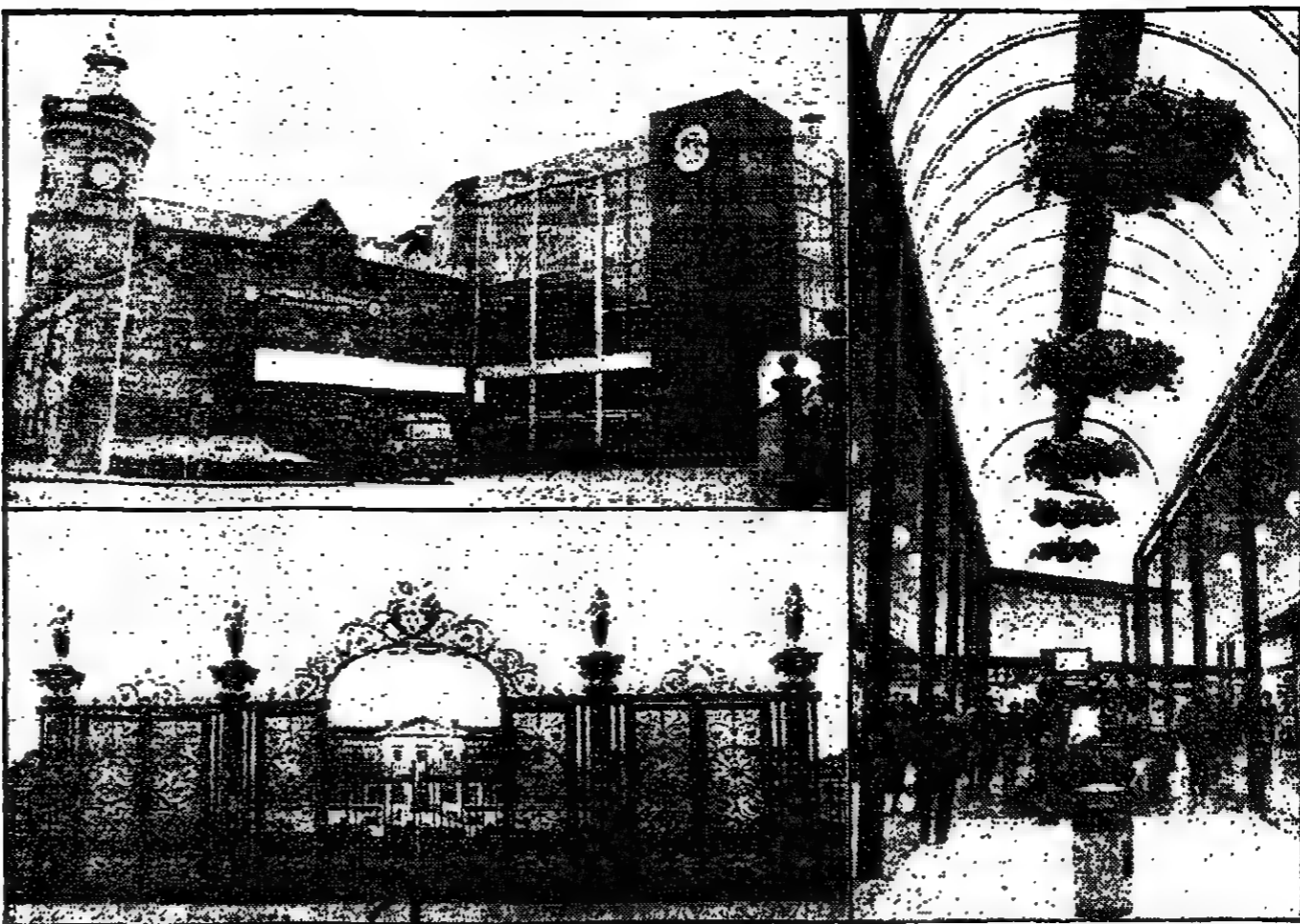
FT REGIONAL REPORT

Warrington and Runcorn

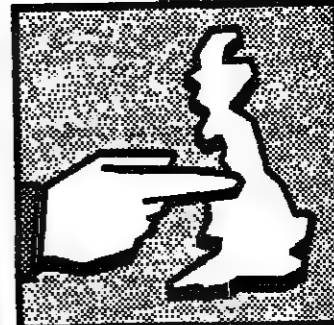
Motorways have helped to shape Warrington and Runcorn, bringing in new investment to take advantage of good communications. Uncertain times lie ahead, however, after the winding up of the two towns' joint corporation

Tougher drive lies ahead

By Ian Hamilton Fazey, Northern Correspondent



Top left, Greenalls brewery, Warrington; bottom left, the ornate gates outside Warrington Town Hall and (right) a mall in the Gold Square shopping centre.



also ensure that our commercial role is not blunted by these very necessary transfer negotiations."

That commercial role has been played well so far, particularly in the past few years, but what will happen to the marketing effort when the corporation has gone is causing local worry.

The local authorities will never be able to afford the £500,000 a year—nearly half of it in North America—needed to keep up present levels. And what will be the role of the Commission for the New Towns, which will then have the industrial and commercial assets of three M6-corridor towns—Warrington, Skelmersdale and Chorley, central Lancashire—to market?

Mr Michael Pizer and Mr Ian McCarthy are part of Warrington Borough Council's newly created employment development unit. They point out that there were 13,537 notifiable redundancies in Warrington alone between the beginning of 1979 and the middle of 1986. Of these 7,173 were in manufacturing industry during 1979-1983.

The rate of job losses fell from the beginning of 1984, at the same time as the development corporation's message got through to those businesses which have been signing up at a rate of 170 a year. But Mr Butters' praiseworthy boast of 1,700 new jobs a year in both Warrington and Runcorn looks puny against 13,537 known job losses.

Warrington's unemployment rate has fallen to the national average as a result of the development corporation's efforts. The question for the whole of the north-west is how to sustain the marketing effort after 1989, for here is a point of economic growth that benefits 5m people within half-an-hour's drive.

Many of these people may well pause to think that if the new town has not got a self-sustaining critical mass to pull investment north from the M25 and Milton Keynes, the demise of the Warrington-Runcorn Development Corporation in just over two years' time is going to be premature.

THE NEW TOWN Development Corporation of Warrington-Runcorn is at both a literal and metaphorical crossroads—literally because it bestrides the economically strategic double crossroads of the M6, M62 and M56 and metaphorically because the corporation is under sentence of death and running out of time and money; it has to decide where it is going from here.

It hopes to send many of its assets into the private sector. Next Monday, with the active help of the Duke of Westminster, Warrington-Runcorn will start a series of sales seminars at Claridges in London.

The aim will be to persuade pension funds and city investors to put money into land and buildings, in effect, replacing the government stake that has enabled Warrington-Runcorn to emerge as a highly successful new town.

The toughest competition for money from the same pot will probably come from another new town, Milton Keynes, and various developers who see the newly-completed M25 around London as one of the best oppor-

tunities ever to emerge from the government putting money into infrastructure.

The main case for Warrington-Runcorn is a combination of location and infrastructure. Even before the motorways put it within one day's HGV drive of almost anywhere in Britain, Warrington's position as the lowest fordable crossing of the Mersey was of strategic importance.

At the height of the industrial revolution the Market Gate development in the town centre was described as "the centre of the known universe." It was on the crossroads leading to Liverpool, Manchester, Glasgow, London and Bristol—the dominant commercial centres of the British Empire.

The completion of most of the motorway network in the 1970s reiterated and underlined the strategic location of the area. Warehouses cluster round the M6-M62 junction at a density the motorway planners probably never foresaw—this unplanned progress is reflected by the crossover being numbered junction 31A of the M6.

With the main London-Glas-

gow railway line passing through Warrington, and with Manchester Airport—which has international gateway status—only 20 minutes away, Warrington has much to offer.

Runcorn, though 10 miles away along the M56, has even more—in the shape of a substantial aid package for manufacturing industry through being in the Merseyside development area. It also has a direct link to the sea via the Manchester Ship Canal, along which come bulk feedstocks for the chemicals industry and tankers of Gulfstream from Dubai. The overall result has been an accelerating movement of industry into Warrington-Runcorn.

Mr Brian Butters, who runs the new town's marketing effort, says: "Over the years about 700 businesses have signed various contracts with us, but there have been up to 170 signings a year for the last three years. Two-thirds of these were new companies and one-third were expansions. We have disposed of more than 1m sq ft of space and created something like 1,500-1,700 new jobs every year."

In the first nine months of the current financial year 146 new contracts have been signed already. These have been worth about 1,200 jobs. The moving annual total of jobs stands at 1,717.

But are these jobs really "new" or merely relocations from elsewhere? The critical point lies in expansions. Many companies which relocated with a small workforce are now substantial employers, often in high technology fields.

Mr Butters says: "We have also succeeded in attracting real inward investment by 146 overseas companies, 85 of them from the U.S. or Canada. They employ 3,000 people between them at present. These are real new jobs and the critical thing to remember about North American companies is that they don't come here to dither about—they have a very successful record of expansion."

Is all this likely to prove attractive to people like pension fund managers looking for good long-term investments where, as landlords or speculators, they stand to gain more than by putting the money into

something else—or even just somewhere else, perhaps nearer or in the more buoyant South-East?

Mr David Binns, Warrington-Runcorn's chief executive, has no illusions about how tough the fight is going to be. He says: "It's easy to overdo the two nations thing but I don't think there is any doubt that it is there. It's only human for people in the City of London to have a greater knowledge of what is nearer to them. Becoming better known among them is our first objective. The second is to increase private sector investment."

"But it takes time in the north of England to replace public sector funding by private sector funding. I believe nationwide that funding for industrial development is much more difficult than it was and it is somewhat more difficult still the further north you are."

Mr Butters says: "Unless we can supplement central Government capital with money from the private sector, it will affect the town's portfolio of available buildings. We have

attracted private sector investment in the past but that has usually been through disposal of an existing building to, say, a pension fund."

There will be assets to dispose of, and plenty of them, but longer term he wants to see money coming in to keep up the momentum and develop the area further after the development corporation has gone.

The demise of the corporation has been set for September 1989 and this seems to have concentrated minds sharply. A slight sense of shock also seems apparent, although wind-up was expected "around 1990" anyway. This may be due to the realisation that there is still much to do but not enough time to do it in.

The Government has accelerated things quite suddenly. All the remaining new towns are to be wound up, with a switch of resources into the new urban development corporations, which are going to do the new towns' jobs, but in inner cities instead of green fields.

However, in the case of Warrington-Runcorn, the writing

Shrewd financial investors are moving our way.

Over the past decade, Warrington-Runcorn has established itself as one of the most successful development areas in the U.K.

And with the demand for new premises growing every day, top investors have been quick to realise the long-term potential of an early investment in the nation's most central location.

Famous names like Barclaytrust and BICC Pension Trust have already made lucrative investments in the area, and thanks to our rapid rate of expansion there are still plenty of opportunities available.

Investors can either buy land and develop it within a wide range of planning options, enter into a partnership with a company planning its base here, or purchase existing premises with good rental growth potential.

In fact, whatever your plans, we have the flexibility to accommodate them.

To get things moving, invest in a call to Colin Cawley now or write to him at The Development Corporation, P.O. Box 49, Warrington WA1 2LF.



WARRINGTON-RUNCORN

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THE NATION'S MOST CENTRAL LOCATION.

WARRINGTON and RUNCORN 3

North American investment

A wide trawl yields rich catch

TEN YEARS ago Warrington Development Corporation took a strategic decision to concentrate on North America as the most promising overseas market for new town investment. To date, Warrington-Runcorn has attracted 77 North American companies, 65 of which are US-based.

This forms more than half of the total overseas investment, and about 10 per cent of all companies which have set up in the new town area.

Such success has been hard won. The first step was to appoint US agents, Gaydon Associates of Red Bank, New Jersey, to help identify the potential. Having decided, perhaps predictably, that the three US sectors offering the best prospects were manufacturing industry, physical distribution and hi-tech, the starting point has been a broad sweep of medium-sized companies. Working from a combination of mailing lists and its own database, the development corporation circulates 8,000-10,000 North American companies each quarter.

Mr Brian Butters, Warrington-Runcorn's sales and marketing manager, points out that a choice has already been made—such is the size of the market. "The trick is to get the right 8,000-10,000 companies," he says. At this stage these companies receive a minimum of promotional literature, which serves to establish the new town's bona fide credentials, together with a survey card. The card pinpoints companies considering increased activity in the EEC within a three-year period.

Armed with this knowledge, Gaydon Associates then get on the phone to each prospect, fleshing out the opportunity and providing more information to companies about Britain, the North West and specifically Warrington-Runcorn. Their job is to nurture the response to the point where Mr Butters or a colleague can call to talk business. Sales executives travel to North America each quarter for a two-week trip on which they make about 25 calls, half being new contacts, half follow-ups of previous visits.

All the preparation makes these trips highly rewarding. "We find that selected com-

panies, approached on a professional basis after establishing they have European ambitions, allow us to put our foot in the door," Mr Butters says. "We only ever talk to company presidents or senior vice-presidents, who may reveal a lot about their company—often much more than British counterparts would—but who expect a serious response. We try never to waste their time, and we seldom waste our own." Warrington-Runcorn co-ordinates with inward the North West overseas investment agency, to avoid duplication.

The sales story starts with the Common Market, develops through our joint language and cultural ties, and progresses to Warrington-Runcorn's central UK location, investment incentives and good unit costs. The response is typically cautious. North American companies with no European experience might start by appointing an agent, moving on to a small sales office of their own, then a warehousing operation selling their imported product and finally into full-scale manufacturing.

"We understand the problems of persuading a company to invest half way round the world. So we provide a portfolio of practical help and support," Mr Butters adds. This includes identification of an appropriately advanced factory unit or a design and build service on a green field site; negotiation of grants and incentives available; recruitment and selection of staff; key-worker housing; introduction to component parts suppliers; advice on British legislation and taxation practices; and, of course, help with expansion within the new town (about one third of all growth at Warrington-Runcorn comes from existing company expansion).

The coupling of Runcorn with Warrington in 1981 has given Mr Butters and his team enviable alternatives to offer prospective investors. Warrington benefits by its communications advantages and its science parks. Runcorn on its development area, and its effective industrial areas. At Manor Park, Runcorn, opened last year by the US Commercial Counsellor, Mr Gerald M. Marks, three early tenants attracted by the busi-



Gandalf Digital Communications, the Canadian-based group, offers opportunities to gain high-tech experience

ness park environment were Babson Brothers, Chicago manufacturers of dairy hardware; Fasco, the New York garment label people; and Inmac, computer accessories suppliers from Palo Alto, California.

Fasco Europe's chief executive, Mr Robert S. Schwager, vice president of Packaging Systems Corporation's Fasco Division, initiated the search for a European manufacturing base in February 1985, when the dollar was very strong. The parent company's top management first favoured Ireland, which Mr Schwager believed to be too remote from his markets—where half the company's overseas sales already went. It was at this auspicious point that Warrington-Runcorn made contact.

There were visits on both sides of the Atlantic. Mr Butters went to Pearl River, New York; Mr Schwager took his president, Arthur Hershaft, to Warrington-Runcorn. What interested the Americans most was Runcorn's closeness to North West textile skills and its excellent two-way communications with New York and Europe.

"I had to put myself on the line for this factory," says Mr Schwager, who will return to the US later this year. "but I can say now that despite the falling dollar it will be a successful venture. We're in this for the long haul. We want to dominate our markets, and when the dol-

lar gets strong again we'll be here."

That seems also to be the philosophy of Babson Brothers, whose UK managing director is Richard L. Oberpriller. Babson transferred their European marketing headquarters from Switzerland to Warrington and then Runcorn following a 1984 decision to enter the UK arena.

For Babson, the west of the country with its dairy farms looked the logical place to be. The Chicago business, which markets products under the Surge label, is using this time of reorganisation within dairy farming across Europe to establish a franchised dealer network. Mr Schwager has nothing but praise for Warrington-Runcorn's efforts. Mr Oberpriller admired the selling phase, but feels the follow up might have been more thorough. Both believe Runcorn to be an excellent platform for their European ambitions. And that is one reason why the Warrington-Runcorn US operation will continue until the very last days of the development corporation's life.

"We are only scratching the surface of the potential," Mr Butters concludes. The question remains who will be placed to dig into it, and how it can be done when Warrington-Runcorn is no more.

Robert Waterhouse

Nuclear industry

BNFL has £12bn order book

THE CENTRE of Britain's nuclear industry is not at the controversial Sellafield complex on the Cumbrian coast, nor at any of the research and other establishments in Britain. It is at Risley, in Warrington new town.

For this is where British Nuclear Fuels (BNFL) has its headquarters and nearly 2,750 employees. Why BNFL is there owes much to historical accident. Here was one of Britain's main ordnance depots in World War II—chosen for its central location as a distribution centre even before the motorways were thought of.

When the Ministry of Supply needed somewhere to house part of the emergent UK Atomic Energy Authority in the 1950s, it had the land readily available, in green fields away from the cities, where security was easier to maintain.

BNFL eventually emerged as the production arm of the UKAEA's Risley-based industrial group. Today, it is a public limited company, though government-owned, operating out of Hinton House, a spectacular piece of pavilion-style architecture named after Christopher (later Lord) Hinton, who set up the UKAEA industrial group.

The UKAEA is its neighbour and, with the Birchwood science park abutting, forms one of the most concentrated high technology campuses in Europe.

Warrington's position on the motorways and rail links makes the location ideal for reaching BNFL's fuel manufacturing centre near Preston and its uranium enrichment plant on the Wirral peninsula. London and Sellafield are about equidistant in terms of time.

The importance of Hinton House, however, goes beyond its



Computer aided design terminal being used for a BNFL plant project

being BNFL's administrative headquarters: this is also the design centre of a highly controversial industry, so it is the place where the buck both starts and stops.

BNFL's recent growth at Warrington is tied to the Government's decision to build the thorium oxide reprocessing plant (THORP) at Sellafield. This will recycle spent nuclear fuel from all over the world for re-use in power stations.

In an industry where safety standards and procedures are already exacting—and even then things have gone wrong—THORP requires that BNFL go even further. BNFL believes it has done so and that it will eventually prove the public's fears as groundless.

Dr Bill Wilkinson, a former professor of chemical engineering who is BNFL's deputy chief executive, sees Hinton House as at the world's frontier of

engineering design. BNFL has to design for the worst possible scenarios—first to prevent the worst happening and then to contain everything safely if it does. Earthquakes and explosions are examples of the "worst."

Hinton House, which opened only three years ago, has itself been designed to help engineers reach supra-normal standards. Lessons have been learned from the past—mainly about human error. Technology has been developed that has advanced the design process beyond anything conceivable when the nuclear industry started.

Computer-aided design, manufacture and construction are the keys. Computers draw complicated pipework layouts coping with three-dimensional fit in a way beyond the capacity of the human brain.

Mr Norman Barrett, chief

structural engineer at Hinton House, says that the buildings that will house THORP will be among the most earthquake-proof in the world.

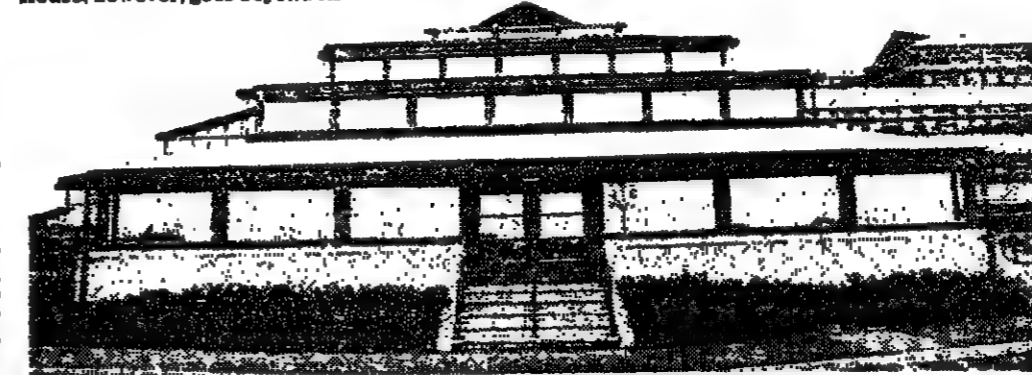
As building work proceeds, advanced measuring techniques ensure that feedback from the Sellafield construction site enables the computers to adjust pipe layouts so that all parts of a plant will fit perfectly when they arrive for assembly on site from workshops around the country. There will be no need for on-site pipe-fitting cobble-ups that might compromise safety.

Hinton House is therefore one of the most strategically important reservoirs of design talent and know-how in Britain. Dr Wilkinson believes that nowhere else is its standard matched. The high profile of the industry demands it—and an ability to prove the point to anyone who comes to look.

From here is controlled a £1m a day budget, part of a decade of capital investment worth £3.5bn. To justify it, BNFL quotes its order book for reprocessing nuclear fuel from around the world—it runs well into the next century and will be worth £12bn.

This, Dr Wilkinson says, would be at stake if the nuclear industry closed down. So would many livelihoods: with firms of consulting engineers and other scientists moving into Warrington and expanding rapidly on BNFL's back, the nuclear industry is becoming a key element in the economic infrastructure of the north-west and beyond.

Ian Hamilton Fazey



Part of the British Nuclear Fuels' headquarters at Hinton House on Warrington's Birchwood estate

KEEP THE CANAL INDEPENDENT



The Manchester Ship Canal Company is one hundred years old and starting a second century with a secure and exciting future.

HERE ARE SOME OF THE REASONS WHY THE COMPANY, NOW DEFENDING ITSELF AGAINST AN UNWANTED TAKEOVER BID, MERITS ITS INDEPENDENCE.



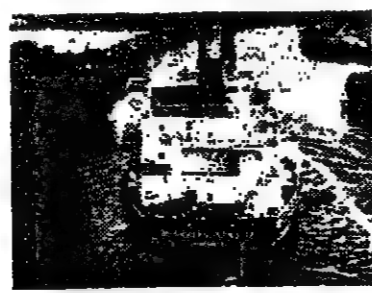
Three thousand ships use the Canal

In its way and in its day the Manchester Ship Canal was as big and bold, a century ago, as the Channel Tunnel today.

Manchester entrepreneurs conceived it, to bring products and materials from all over the world to the industrial heartland of the North West.

Times and transport change, but 3,000 ships a year use the active Port area of the Canal – from Eastham to Runcorn.

Cargo, seven million tons annually, includes containers, dry bulk, oils and chemicals.



A recreational artery of world importance

Where ships will be few, above Runcorn Docks, the Upper Canal will become an attractive recreational artery of international importance. New commercial uses, as well as pleasure and leisure, are needed.

This calls for a pooling of will and resource by central Government, local authorities, the Canal Company, private enterprise and the people of the region.

The company's role as a willing partner is central and proven – the redevelopment of Manchester Docklands shows what can be achieved by working together.

Helping to ensure a vigorous new life for the Canal is an objective the company pursues with enthusiasm.

Already there is a regional strategy and financial pump-priming through the Government's "Mersey Clean-up Initiative". This is drawing on European development grants to improve both the quality of the water and the environment throughout the Mersey Valley.



Pioneering waste project is also a nature reserve

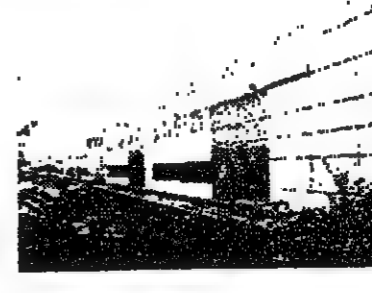
The company combines commercial enterprise with consideration for the community.

Some 600 acres of farmland and marsh, owned by the Company, are being transformed into a waste disposal project and an outstanding nature reserve.

The 400-acre waste project will help solve the disposal problems of South Merseyside and North Cheshire for 25 years.

A new bridge will be built over the River Mersey. The steeper northern slopes will be wooded and the gentler southern slopes used for agriculture and recreation.

Cheshire County Council will operate the site – at Moone, near Warrington – and Cheshire Conservation Trust will manage the 200-acre nature reserve.



Enterprise helps creates five thousand jobs

Commerce and the community benefit from the impressive Salford Quays development, alongside the Ship Canal, and the neighbouring Salford and Trafford Enterprise Zone.

New offices, a fine cinema, factory units for start-up businesses, and an hotel are ready.

On what used to be a depressing and deprived landscape 1,000 new jobs have been created on the Canal Company's land and 3,000 in the Enterprise Zone as a whole.

And for every £1 of public money, private enterprise has contributed £5.

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Thursday February 12 1987

Lebanon's other hostages

TODAY'S REPORT by our Beirut correspondent on the situation in the Palestinian camps should help to widen the focus of discussion in Western capitals about the state of Lebanon. It is quite natural for Western public anxiety to be directed first and foremost at the plight of Mr Terry Waite and the other foreign hostages (a couple of dozen in all). But to the inhabitants of the Middle East that anxiety seems somewhat remote, or even racist, if it is accompanied by indifference to the fate of Lebanon itself, and more especially to the grim drama of the camps now being enacted, probably within earshot of the very cellars where the hostages are held.

For weeks now the Palestine Red Crescent Society has been pouring out, for anyone willing to listen, the most horrifying images and statistics. This week the inhabitants of last captured the world's attention by asking Islamic religious authorities to rule that it is legitimate in *extremis* for live human beings to sustain themselves by eating the flesh of dead ones.

Humanitarian response

Our correspondent's report, based on interviews with children who have escaped from the camps and, by telephone, with a British surgeon still working in one of them, shows that the picture has been only slightly if at all overdrawn. It has not yet come to cannibalism but dog, cat and rat meat is the staple fare; the most basic medical supplies are rapidly running out; and all the classic symptoms of malnutrition are present.

Conditions like those call for an elementary humanitarian response which has to override political considerations, just as Sand Aid did in Ethiopia. A response at last begin to operate yesterday, when there was a temporary ceasefire and some convoys were allowed in. Next, surely, must come a safe conduct for the remaining civilians to leave—which can only be meaningful if a major international effort is made to reduce both them and the many thousands already displaced over the last three months.

A tough job at Eurotunnel

THE RECENT squabbles about who should run the Eurotunnel project have threatened to undermine the Channel tunnel venture. A body which cannot inspire confidence in its own leadership can hardly generate confidence in the financial markets on the scale which will be necessary to get the project properly underway. There is still enough time for Eurotunnel to get back on track, but there is no room for more bad headlines.

Part of the problem is that, whatever they may say in public, politicians have an uneasy feeling that the tunnel is too important to be left entirely to the private sector. Governments on both sides of the water have placed heavy emphasis on the fact that the work will have to be financed without recourse to official guarantees and so will have to show the prospect of commercial returns. Yet they are also aware of the fact that, as one of the biggest infrastructure projects of the century, the tunnel is also of enormous political and economic importance. Neither country wishes to be seen to be falling behind the other in terms of its commitment.

Undignified scramble

This helps to explain the unsettling events of the past two weeks, which have appeared to cast doubt on Eurotunnel's overall direction and management. The view from Whitehall and the Bank of England has been that the company needed more dynamic management to drive it through its most challenging period—the financing and commissioning programme of the next few years. The main evidence for this judgment was the unsatisfactory way last autumn's equity issue was marketed in London, which led to an undignified scramble in the closing stages to raise the necessary funds. Undignified comparisons were made with the way that the French had handled things. The Bank of England became concerned that the City would run into further criticism for its supposed emphasis on the short term if it proved unwilling to put up its share of the investment.

So it was with official blessing that Sir Nigel Brookes, who had been the driving force behind the main rival to the Eurotunnel proposal, was appointed to put a little zip into the board. For a while, the project seemed to be regaining momentum. But

Yet clearly this endless displacement of Palestinians—from camp to camp, from country to country—is not a solution. The problem is not primarily one of rehoming them physically, but of finding a place where they can feel safe and at home.

Empty slogan

Where can that be? Most of them if asked would no doubt say they want to return to their "original" homes in Palestine, now Israel—though many are too young even to have been born there, let alone remember it. But that has long been no more than an empty slogan, and the much-cavorted alternative of a Palestinian state in the West Bank and the Gaza Strip today seems hardly more realistic. Such a state, whether independent or federated with Jordan, is perhaps still the most reasonable programme for a Palestinian movement, and it is a thousand pities that it is not adopted more clearly and wholeheartedly when there was a better chance of bringing it about. But as things stand it is likely that those Palestinians in Lebanon are going to have to stay there, and it is difficult to see what is achieved by moving them from one part of Beirut or one part of Lebanon to another.

But what is clearly not possible is what the PLO leadership has been trying to do, namely to reconstitute a Palestinian state—an autonomous military and political entity—in Lebanon. Mr Yassir Arafat is now appealing to the compassion and the sense of honour of the international community to "save my people." But he himself lacks the moral credentials to do so, and the international community which have brought this latest agony upon his people. Whatever the exact rights and wrongs of his quarrel with Syria and with the Lebanese Shiites—and they are certainly not all on one side—he should accept the fact that he has lost the war in Lebanon four years ago. Of all wars it must be the least worth fighting over again.

there appears to have been some confusion between those who saw Sir Nigel strictly as a useful non-executive appointment, and others who thought that he should take over as the joint British chairman from Lord Pennock. Sir Nigel has apparently let it be known that he is not willing to take over in the circumstances; Lord Pennock has now made it clear that he will step down once a suitable replacement can be found.

Formidable qualities

This uncertainty could hardly have come at a worse time. By the early summer, the company needs to have secured binding agreement from 40 international banks to provide some £5bn of long-term finance. Shortly after that, it has to secure backing for the tunnel itself. The nature of the project, with its enormous front end costs and very long term payback, means that anything which might unsettle the financial markets would be damaging.

So the question of overall leadership can be resolved, the better. The new chairman will require a formidable list of qualities. He will have to be a man of substance, with proven business and political judgment. He will have to be a businessman, not a politician, since his main task is to get the tunnel built and make it profitable. He will have to work harmoniously with a French co-chairman—which means that he must not be a prima donna—and he will ideally have a decent grasp of French. He will need to be free of major conflicts of interest, such as might have been faced by Sir Nigel Brookes with his important contracting interests. And he will have to be available full time. The fact that Lord Pennock's problems is that he is also having to grapple with a few local difficulties at Morgan Grenfell, the merchant bank.

In some ways, this should be a straightforward brief for the headhunters, since there can be very few candidates with such a combination of talents. One person is found and appointed, he should be left to get on with the job. If the authorities start to make a habit of putting pressure on the company and the financial institutions to do their bit for Britain, they risk becoming dangerously compromised. The Channel tunnel has to succeed, or fail on the strength of its own resources.

Joe Rogaly argues that Kenneth Baker's plans for British education may be even more radical than they seem



Power to parents—and to Whitehall

reports from Her Majesty's Inspectorate of Education "make rather depressing reading" he is preaching to a public that hardly needs converting. He read a batch of such reports, on 31 individual schools, over the Christmas holidays, and he told that same North of England conference, he found that even in average schools there was HMI concern about "such basic matters as the low expectations many teachers have of their pupils; the lack of differentiation of work according to pupils' needs; and the ramshackle nature of much of the preparation and planning of the work."

It is little wonder that the other parties are not opposing Mr Baker's proposals for a national curriculum: indeed Mr Giles Radice, the Labour Party spokesman on education, tried hard to catch up in a speech last Saturday.

A national curriculum is merely one of two highly visible elements in a basket of ideas that might previously have been labelled un-British. The other is the transfer of powers from the local authorities to the schools themselves, a process which will be accelerated by the election of parent and business-community governors next year, as provided for in the 1986 Education Act. Both elements face opposition from Conservatives who fear the growth of power at the centre. Let us look at that curriculum first.

The Secretary of State takes a very detailed interest in it. He has kindly lent me his copy of an HMI booklet on history in the Primary and Secondary Years. It turns out to have his marginal comments all over. For example, where the booklet sets as an objective that by age 10 the pupil "can define in simple terms 'sources' and 'evidence' formed the basis of the State's bailiwick has circled 'sources' and scrawled "a bit early!" Again, a question ask-

ing of the syllabus whether it gives an opportunity "to learn something about the achievements of cultures within and outside Europe" has a firm tick alongside.

"Now I have asked for a study comparing this with what children in other countries are taught of history," says Mr Baker. Yet he already knows much of what he wants. For example, he told the Society of Education Officers the other day that the curriculum should prepare "all pupils, whatever their ethnic origin for life in a multi-ethnic Britain."

A national core curriculum would replace a hodgepodge of curricula presently devised by local education authorities, or head teachers, or individual teachers, or school governors, or a permutation of any of the above. "This pattern is unique in the educational history of the world," he maintains.

use by a future left-wing government.

At each stage there will be tests, including targets to be reached at the end of primary school. This is not necessarily a conscious attempt to bring back the 11-plus; the reason it is part of the plan is probably that it is what the Continentals do. And an obligation to teach boys and girls to read by a certain age would most benefit those who are really let down by the present system: inner-city working-class and black children. The idea is that if expectations are raised, performance at all levels will improve.

Perhaps because the idea is so ripe the voluntary, consensus approach will stop at the point at which a national curriculum is designed. After that there will be a new Education Bill, if the Tories are in power at the time. "The Government will oblige schools to conform or justify why not," says Mr Baker.

The second stream in current Conservative thinking—the bypassing of local education authorities—will also require further legislation. The 1986 Act gives parents the right to elect as many governors as the local authorities can appoint. Both groups, plus heads and teachers, can co-opt outsiders.

All parents are given the right to see curriculum statements, syllabuses, and schemes of work. Governors must report annually in writing to every parent. Spending on books, equipment and stationery may be delegated to boards. In sum, it is a codification that seems radical only because it is happening in Britain. On top of this Mr Baker is already encouraging local authorities to pass responsibility for more of their budgets direct to schools, although he concedes that it takes a few years to train heads in the necessary management skills.

To complete the revolution will require a new bill enabling

the Education Department to force local authorities to devolve a far greater measure of budgetary control. Long before that Mr Baker is likely to encounter opposition from within his own party.

It will probably be led by Mr Philip Merridale, the Tory chairman of the education committee of the Association of County Councils. An old troupier in local authority education halls, Mr Merridale does not mince his words. He speaks of the "spine-chilling power" of "state despots" and accuses Mr Baker of taking advantage of publicity about so-called "loony councils."

"Even in Brent they don't spend all their time on homosexual and peace studies," he asserts. "They actually do try to teach some English and mathematics."

What is more, Mr Merridale, like many of his ilk, believes passionately in "education for life." He accepts the need to compete with the West German, Japanese and others, "but not at the cost of subordinating our educational objectives entirely to those of a termite colony."

His views, which will be put forward in a forthcoming pamphlet, combine two strands of opposition to the Thatcher theories of education. The first is defence of local powers, in which Mr Merridale's alliances stretch across party boundaries (one ally is Mr Neal Fletcher, a Labour member of the education committee of the Association of Municipal Authorities). The second is the manifestation of an absence of an agreed philosophy of education. Messrs Merridale, Fletcher and Baker represent three entirely different perceptions of education.

One is that its purpose is to produce well-rounded adults, able to get the most out of life; another is that it should promote equality; a third that it should make Britain more effective in the global marketplace.

If the Conservatives win the election, the philosophy of former Education Secretary Margaret Thatcher and her mentor Sir Keith Joseph will no doubt prevail. It is not many moons since Sir Keith was ready to introduce the market-places into education by awarding every parent in the country a voucher of a certain value. Vouchers would be spent on the most popular schools.

The likely opposition from Conservative "vets" was too strong: Sir Keith withdrew. Now, Mr Baker, as Sir Keith's successor, can contemplate a future in which schools control their own budgets. After that, if I interpret a glim in his eye aright, the Education Department will allocate money to schools on a per-pupil basis, according to certain formulas. In short, parents will be choosing the schools and the Government will be footing the bill.

It may be stretching it to assert that the plan is to introduce a voucher system by the backdoor, but something very similar seems a likely consequence of the present conservative preponderance in educational thinking.

Joe Rogaly's first article on the future of education in Britain was published yesterday.

An Interest in the job

International bankers queuing for ski-lifts in the fashionable Alpine resort of Verbier last weekend were unaware that amongst them was a man who, within 24 hours, would have \$89bn of their money in his pocket.

Francisco Gros, the newly-appointed Brazilian central bank president, hardly expected such a turn of events either. But it seems that when the call came through from President Jose Sarney's palace, he had little hesitation in leaving the Alps for the even more precipitous slopes of the Brazilian economy.

Perhaps the 42-year-old banker's readiness to take up a job that he has held for 18 months was due to the fact that the terms of the task have changed. Unlike the outgoing bank chief, Fernaldo Bracher, he is expected to follow the lead of Dilsun Funaro, the finance minister, whose visionary qualities have earned him the nickname of "The Messiah."

Beyond a reputation for amiability and general competence, little is known of Gros. His name had never even been mentioned in the weeks of speculation over Bracher's possible successor.

Like many of his new colleagues, he was educated in the US, passing through Princeton, Columbia, and the international department of Wall Street's Kidder Peabody investment bank. From there he rose rapidly in Brazil's Unibanco, before being recommended to Funaro, then head of the state development bank, BNDES, to take charge of its capital markets.

His talents as a banker will now be applied to lowering Brazil's interest rates, which have risen in the last two weeks by 380 percentage points to an annualised 800 per cent.

Men and Matters

—which trades as InLine—for \$4.5m.

And, to add a touch of serendipity to his week, the freehold premises bought for Wace for just over £1m five months ago as the company's HQ have been resold at \$4.5m.

The most eye-catching idea for injecting some life into Ireland's shipwrecked economy to emerge so far during the campaign for next Tuesday's general election has come not from a politician but a businessman.

Feargal Quinn, managing director of the successful supermarket chain SuperQuinn, and chairman of the Irish post office, is proposing that the next Prime Minister should set up a task force to identify bureaucratic obstacles to business, and ways of stimulating "an action-driven spirit" in the country.

Nothing very original about that. What is different is the way he proposes the task force should work.

To avoid becoming another talking shop, it would have a budget, and would self-destruct if it did not achieve something worthwhile at every meeting.

Most startling of all to the bureaucratic mind—it would meet weekly at 7.00 am for one hour only, and there would be no chairs allowed in the room. "People waffle less when they are standing, a stand-up meeting makes everybody less tolerant of things that waste time," Quinn says.

He has already adopted the no-chairs rule in his own business. Suppliers and clients calling for appointments have been surprised by having to conduct meetings standing on the shop floor.

His store managers sport badges with the letters YGDB

SOYA. I believe that, freely translated, it stands for, 'You cannot do business sitting on your arsechairs.'

Touch-down

There was the odd nervous cough or two when the winner of the first West Coast Business and Industry Award was announced at the Old Trafford cricket club in Manchester last night.

The overall winner was Manchester airport—for successfully developing its role as "gateway to the north-west." Unfortunately, at the moment, Manchester airport isn't the gateway to anywhere. The airport has been closed to passenger flights since the end of last month because 20 firefighters are on strike in an unofficial dispute over payment for operating new technology.

The airport and its concessionaires are beginning the process of laying off staff. But David Morgan, publisher of North West Business, the monthly magazine which organises the awards with the Industrial Society, described the dispute as a "hiccup" after years of progress. And, anyway, the submissions were in long before the action by the firefighters.

The winner of the category for middle sized companies—75-250 employees was Phil Redmond's independent television production company, Mersey Television.

Redmond, creator and writer of Grangehill, the school series on BBC that parents love to watch, already prepared for his new shareholders to boast: "I've got a bit of Capital."

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Observer

SINCE THE breakdown of attempts by the Heath and Callaghan governments to run the country in conjunction with the unions, not too much has been heard of "corporatism" in Britain. Advocates of incomes policy talk more in terms of pay increases which, whatever their other drawbacks, are more consistent with representative government and general citizen interest.

Nevertheless corporatism, in the limited sense of pay-setting by centralised workers' and employers' organisations, has been enjoying a new vogue among some academic economists.

The present fashion for corporatism arises from a detailed study of the stagflation which hit Western economies after the two oil shocks of 1973 and 1979. Economists noticed that some of the "corporatist" countries, including Scandinavia, Austria and Switzerland, did manage to keep their unemployment rates, and sometimes their inflation rates, well below the norm for the rest of Europe or even in the US. These countries also tended to be corporatist.

The definition of corporatism has always seemed a bit arbitrary. For instance, the Benelux countries, which are near the top of the European unemployment league, have centralised wage-setting institutions. So, in a certain sense, does Spain, which is at the top. One Scandinavian country, Denmark, has a record on unemployment and inflation more like Britain's than Sweden's.

Many of the economic writings also seem to ignore the political dimension. In the corporatist model, countries which I know best, namely Austria, corporatism has been part of a wider social consensus, which arose in response to the near civil war of the 1930s and the postwar struggle to end the occupation. Even so, Austria is beginning to find some aspects of this consensus, such as the cost of using the state-owned industries for public purposes, prohibitively expensive. Politically, too, the consensus is becoming more fragile, as shown by the loss of votes of both main parties to non-consensus groups in recent elections.

The latest study of corporatism, notably, comes from two Marxist-inclined economists, Newell and J. S. V. Symons (Corporatism, Lausanne, France, and The Rise in Unemployment, Centre for Labour Economics). Their main findings are: "To control unemployment the real wage needs to fall when unemployment rises. Corporatism can achieve this, but is subject to inherent instability." The last remark is a qualification which too few other analysts make.

Economic Viewpoint

Corporatism rides again, but none too securely

By Samuel Brittan

Newell and Symons start out from the observation that even when union power is insignificant, unemployment rates can be volatile and fluctuate around averages higher than in the model corporatist countries. An unregulated labour market, as US experience suggests, serves to produce unemployment performance superior to that of unionised and partially sclerotic labour markets, such as Britain's today, but inferior to the model societies of Scandinavia and Central Europe.

The reason for this behaviour is said to be "firm-specific human capital." What I think this means is that a firm's own workers have a greater value to it than outsiders. Thus it would be reluctant to alienate them by cutting pay to the extent necessary for it to be able to take on or keep workers in a recession.

The purpose of corporatism, rarely declared—is to provide a higher level of employment by ensuring lower wages than would otherwise occur. It follows, according to Newell and Symons, "that the system will operate in favour of capital, in favour of the otherwise unemployed, and to some extent against the interests of the employed."

The authors stress that "each bargaining unit will do better for its attached workers outside the system. This is the source of the inherent instability of corporatism. It is a system analogous to a cartel wherein each member organisation can do better outside, provided all other members stay within."

Another aspect mentioned is that "corporatism always appears to result in a squeezing of differentials between skilled and unskilled workers. This can be interpreted as keeping the price

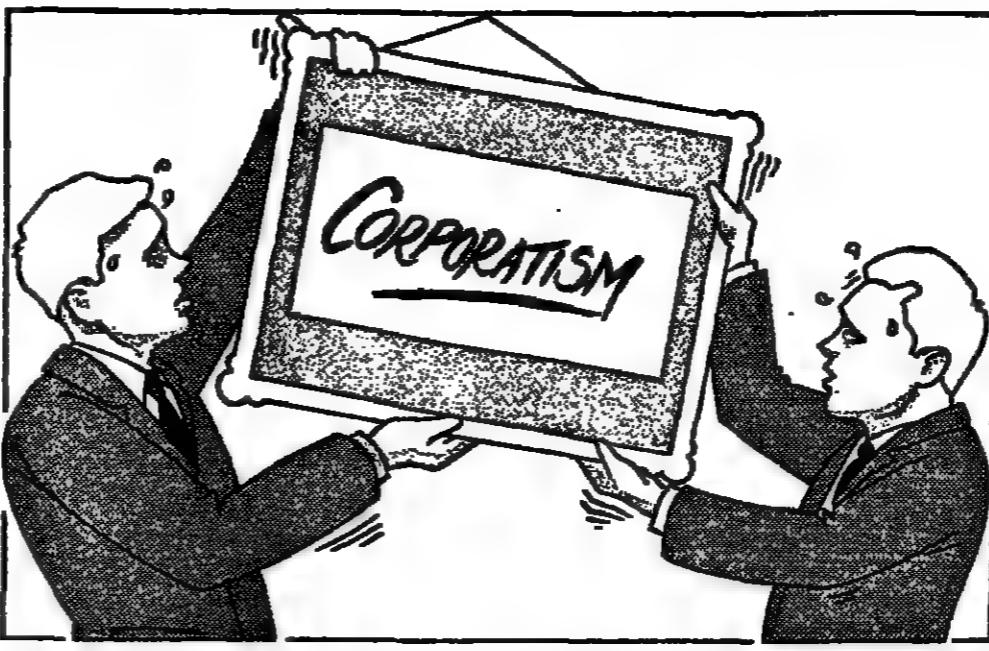
of the total skill-bank constant while buying the support of the majority of the workers at the expense of the skilled." But this is a further source of instability as the interests of skilled workers increasingly diverge from the others. The end of corporatism is usually followed by a widening of differentials.

Newell and Symons confine their observations to five countries: the US, Sweden, UK, West Germany and Japan. They regard Sweden as "quintessentially corporatist" and the US as having a quintessentially laissez-faire labour market.

They see Britain as semi-corporatist before 1979. This is because of the voluntary moderation of the trade union leaders, who dominated in the 1950s and Labour's "social contract" of the 1970s. As a rough and deliberate over-simplification, this might just about do. As in other countries, British voluntary pay restraints foundered on the opposition of the unions of the better-paid, who had seen their differentials eroded. With the advent of Thatcherism in 1979, wage differentials immediately widened.

West Germany is described in a similar fashion: corporatism up to 1977, when "concerted action" between employers and union federations broke down, and non-corporatist since. This exaggerates the effectiveness of "concerted action" and minimises the continuing institutional contact since then.

But it is difficult to accept Japan as an example of corporatism as the authors' definition. As they say, bargaining takes place at the enterprise level. The *Keidoren* (Japanese CBI) does not bargain on pay and unions are "firm specific". The main evidence for corporatism is the "suspicion" that the



highly inflationary pay round of 1974 was succeeded by private consultation among business leaders, government officials and trade unionists; and in 1975 union demands were heavily defeated. Since then, union pay demands have come down near to what employers have been prepared to offer.

Japanese society is clearly different from American, but it is not like Swedish either. At the institutional level, the better stagflation performance is probably explained at least by a combination of profit-related bonuses and life-time employment.

Corporatism has run into some of its most serious troubles in its Swedish homeland. This emerges very clearly from a new Brookings Institution study of Washington, DC, The Swedish Economy, edited by Barry Bosworth and Alice Rivlin.

The Swedish pay structure found the greatest difficulties in coping with the two oil price explosions and their aftermath:

UNEMPLOYMENT RATES 3rd Quarter 1986	
Non-corporatist countries	
US	6.8
Canada	9.4
UK	12.1
France	10.1
Corporatist model	
Sweden	1.4
Norway	2.0
Austria	2.2
Other	
Netherlands	12.2
Belgium	12.6
Denmark	8.6
Switzerland	8.8
Spain	2.9
Italy	21.0
West Germany	10.7

OECD figures partially standardised. US figures relate to first quarter of 1986. Denmark's are not standardised.

Using this yardstick, albeit make-shift, some plans offer genuine savings even for basic rate taxpayers who don't pay capital gains tax on any share profits. Some look very expensive.

Rosemary Burr,
60 Welbeck St, London, W1.

Expansion schemes

From Mr C. Mitchell.

Sir,—With the end of the fiscal year fast approaching, a series of articles on the Business Expansion Scheme are once again appearing in the financial press and the commentary by Philip Coggan and Alice Rawthorn ("A beast to love or hate," February 7) provides a good example. Your contributors offer a sensible note of caution and list the key points to watch. While agreeing with most of the points which are made, I believe there is an important omission.

As a general rule, tax incentives of this nature have to be shared; part will accrue to the taxpayer but part will inevitably go to promoters, intermediaries and so forth. It is important to recognise that in the case of BES issues where there are existing shareholders in the target company, an element of the tax relief is also likely to "leak" into the shares already issued. Thus, if the pre-issue shareholders retain 50 per cent of the enlarged company it can safely be assumed that their 50 per cent has an immediate value which is greater than that of their previous 100 per cent. In extreme cases it can be seen that this enhancement in value together with costs of issue almost entirely account for the tax relief available to the BES subscribers.

The theory is that the existing shareholders deserve some form of recompense for sharing their investment with the outside world. Alternatively, it is argued that they have built up an element of goodwill and are entitled to retain the benefit. In either event, the existing shareholders' gain is the BES shareholders' loss.

My recommendation is that anyone reviewing a BES prospectus in such cases should ask one further question: "If the company is liquidated the day after a successful BES issue how much would the pre-issue shareholders expect to receive?"

When this is compared with their existing share value the result can be most instructive and in the more extreme cases the prospective BES shareholder should be put on notice that his own shares may have to enjoy considerable growth before there is any chance of recovering the gross BES subscription money.

Colin S. Mitchell,
15 Gloucester Road,
Kensington, Chelsea.

Lombard

The promotion of British design

By Christopher Lorenz

FEW OF Mrs Margaret Thatcher's actions have been as free of controversy as her five-year-old campaign for better design in British industry and commerce. It would be a foolish opponent who questioned the Government's role in helping slow-footed UK companies realise the need to emulate the Japanese and West Germans in paying much greater attention to the "non-price factors" of their products: design, quality, delivery and so forth.

Only if companies take such remedial action will Britain stand any chance of closing its yawning trade gap in manufactured goods.

The Government's vehicle for design promotion is the Design Council. Founded in 1944 as the Council of Industrial Design, its traditional role has been enhanced by the Prime Minister and the Department of Industry with a range of extra activities. The most notable is a programme which subsidises the first-time use of design consultancy by small and medium-sized companies. This scheme now accounts for 60 per cent of the funds which the Government channels through the Council—£12m in the current financial year.

With the exception of this and a few other promotional programmes, such as its annual Design Awards, many of the Council's wide-ranging activities in education, public promotion and industrial assistance are less well known than they should be if they are to achieve maximum leverage.

Nor, because of lack of money and (in some cases) imagination, are all of them as well executed as they should be: the Council's public exhibition showcase, the Design Centre in London's Haymarket, near Piccadilly Circus, is badly cramped, and its main retail shop (unlike the excellent bookshop) lacks a clear focus.

Years of behind-the-scenes mutterings about one or other of the Council's shortcomings have now exploded into a blazing public row over an interview in *Vogue* magazine in which the Council's colourful new (government-appointed) chairman, Mr Simon Hornby, said some pretty nasty things about several aspects of its

work, especially its direct dealings with the public. As head of W. H. Smith, one of Britain's leading retailers, he has plenty of experience on which to draw. Though Mr Hornby called the article "a travesty of my message," those who remove virtually all his complimentary comments—the Council's staff took the unprecedented step of organising a vote of no confidence in him, which is currently being held by post. In the meantime, the illustrious interviewer, Lord Snowdon, has resigned as an adviser to the Council.

Behind the brouhaha over Mr Hornby's criticisms, and the style in which he delivered them, one of the main questions is whether the Council still has a useful role to play in the improvement of UK design "by all practicable means," as its original remit specified.

Its work with education, commerce and industry is of growing value, even if it has become a shade too engineering-minded. But debate is needed about whether, in this age of Sony Walkmans, Volkswagens and design-minded High Streets, Joe and Josephine Public really still need educating in the generalised virtues of good design.

If the aim is now specifically to convince the consumer of the existence of good British design—which was always the real purpose—then the Council's public activities should be more clearly positioned to reflect this.

The Haymarket showroom should be rechristened "The British Design Centre" and expanded. The shop should be rationalised and given a logical retail identity that consumers can recognise, such as "the best of British housewares." Both it and a regular set of specialist exhibitions should be used more clearly and aggressively to shame recalcitrant retailers into stocking good British products, especially from small companies and young designers.

Most important of all, the Council should not be afraid to court controversy—though preferably on more fertile ground than at present. Design is a glamorous subject, and it requires glamorous promotion.

Regulation of auditors

From Mr A. Nelson

Sir,—The real problems in this area lie, not merely in the fact that there is no provision for regulation of auditors' work in this country beyond the discipline established by the various professional bodies concerned, but in the fact that the accountancy profession as a whole is subject to no regulation at all, and at the lower end of the scale can be entered by persons purporting to practice who hold no qualifications at all.

Auditors' work has long outstripped the mere legal responsibilities, and the work of accountants is today far wider than audit. No good would come of bureaucratic regulations which effectively deprived, or at least sought to deprive, companies of the advice of their audit firms in this wider sphere. In any event, the time will come, and in my view sooner rather than later, for proper control beyond the sphere of audit.

There are four highly reputable bodies of accountants in this country whose members are qualified to audit company accounts. In addition there are two other bodies whose members specialise in particular areas of accountancy, but whose specialities are shared by members in the other four bodies. There is little co-ordination of the activities of these six bodies, and it would be difficult to imagine a more chaotic manner of organising a profession, let alone so important a business profession.

What is required is not a council whose function is to register and supervise only auditors, but one whose function is to embrace the entire accountancy profession. Such a body would solve all these problems once and for all. The ethical division between the various branches of the profession should be policed in a way which should satisfy critics without undue bureaucracy, and the reasonable co-ordination of the activities of the various accountancy bodies could thus be assured.

A. V. Nelson,
Redgrove,
Orchard Road,
Pratts Bottom, Kent.

Disincentive to investment

From Mrs J. Lawrence-Mills

Sir,—Further to Mr A. Furness's letter ("Illegally taxed?" February 7) regarding the current treatment of a wife's investment income, while it is grossly inequitable on a personal basis, there are also serious investment, and employment, implications arising from this.

The Government is strongly encouraging people to become self-employed. Many women have set up their own small

Letters to the Editor

enterprises which yield a certain return, which the women then invest.

If they prefer not to take up the restrictive mantle of a limited company, that income will be taxed at their husbands' marginal rate, in many cases, 60 per cent.

Not only does this reduce incentive, but, much more important, reduces funds available for further investment and further employment.

There is another point of equal inequity—when we marry we lose our own CGT allowance, and, keeping right in line with the marriage vows, have to share that as well!

Mrs J. Lawrence-Mills,
Pearl Hall,
Spearton,
Bridgwater, Somerset.

Union members' interests

From Mr M. Allen

Sir,—The move by British Airways employees to sign over to their union the voting rights on their shares is, as you say, (February 6) a novel move by British trade unionists. The Transport and General Workers' Union however should bear in mind the potential pitfalls of a strategy which could, on the face of things, secure significant leverage for the union within a privatised BA.

In 1983, in a similarly unprecedented move, District 100 of the US Machinists Union (IAM) agreed a one-year 18 per cent wage cut with Eastern Airlines in exchange for 4m shares of EAL stock and employee representatives on the board.

The union's stock was held in trust by the union president Russ McGarry. He was so effective in promoting union members' interests on the board that EAL took legal action against him. The court ruled that McGarry was acting in the interests of union members as stockholders and that he was "conspiring" with other union members of the board.

The independent trustees, charged with "protecting the rights of the trust's beneficiaries and participants" recently obtained on the Texas Air takeover of EAL which threatens the employment of those very beneficiaries. He has also accepted an offer from Texas Air to buy employees preferred stock at \$16 per share—although each share cost \$60 when purchased as partial compensation for the 1983 wage concession.

Similar losses by union mem-

bers, including denial of previously-promised access to financial information, suggests that the T&G's acquisition of voting rights will not allow BA's "purely commercial" operational criterion to be challenged in the interests of its employee shareholders.

Mike Allen,
International Labour Reports,
24 Oxford Road, Manchester.

Pep into savings

From the Managing Director, Notiers

Sir,—Will a Personal Equity Plan really put some pep into your savings? In your column Mr Seammell says no, (January 29) while Mr Dinning (February 3) says yes. At the heart of the dispute is the difficulty in assessing the tax saving and weighing up the charges involved in buying shares direct as opposed to through a Pep.

Mr Seammell chose to fight his corner on behalf of the basic rate taxpayer who presumably will not be paying capital gains tax on any share profits. Such a person's only tax saving would therefore be in the form of untaxed dividend payments on an initial portfolio of £2,400, the maximum annual contribution to a Pep at present. Assuming gross dividends of 5 per cent the tax saving in year one amounts to just under £26 which is equivalent to nearly 1½ per cent of maximum annual contribution.

Broadly speaking an investor will save money by opting for a Pep if the initial charge is less than 1½ per cent and the dealing costs are lower than he or she would otherwise incur. Most small investors are still paying around 1½ per cent by way of dealing charges, which includes a hidden fee for "advice." So investors should choose plans where the annual charge plus dealing expenses are less than 1½ per cent per annum.

Unfortunately it is not always possible to work out the exact dealing charges involved in any particular Pep but at least the administrative costs should prevent most plan managers from churning the portfolio, i.e. dealing unnecessarily, simply to boost their income. A reasonable assumption would be to add the initial charge to the cost of buying and selling a Pep share portfolio one and a half times. If this sum is less than 1½ per cent then the plan is good value.

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FINANCIAL TIMES

Thursday February 12 1987

We Roll
That's BTR

Camps under siege ravaged by famine

FARES ALI Al Khatib, 10, ran away from the besieged Palestinian camp of Bourj al Barajneh with 15 other children because to survive inside they had to eat dogs, cats and rats.

British surgeon Dr Pauline Cutting, 35, who has been trapped in Bourj al Barajneh at the Haifa hospital for 15 weeks said during an arranged telephone link-up she too, had to eat dogmeat to survive and keep working. Dr Cutting, who went to Lebanon 14 months ago, complained that the plight of starving refugees blockaded in their shanty towns without food or medical supplies "has been ignored for too long" due to media obsession with the foreign hostages in Lebanon.

"I think that the severity of the situation is not really appreciated by the outside world. People are beginning to starve," she said.

Umm Bassam, a mother of three in her late twenties, who abandoned the camp and her husband after giving birth to a son, is now living in crowded Mar Elias.

"Famine is ungodly and wicked," she said morosely, rocking her newborn baby to her chest. "The children were constantly screaming for food. When there was nothing I prayed to God to take us so we would not feel our hunger any more. Some families ate cats, donkeys and dogs." At the edge of Mar Elias, a three-year-old boy picked grass and stuffed it in his mouth.

The small Mar Elias cantonment is in Druze-controlled territory in West Beirut, the one Palestinian shanty town which has not been under heavy military pressure from Amal. It is the so-called "camps" - in effect, shanty towns with their own infrastructure - of Chatila and Bourj al Barajneh, on the southern outskirts of the city, which have suffered the heaviest punishment from the Shia militia in its campaign to prevent the build-up of an

Nora Boustany reports on life in the shanty towns of Beirut where starving children are fed rats and dog meat



A Shia militiaman opens fire as a fellow fighter takes cover behind the barricade at the refugee camp of Bourj al Barajneh. Battles around the camps continued yesterday in spite of an Iranian move to secure a withdrawal of fighters.

armed Palestinian guerrilla presence in Lebanon which provokes Israeli attacks and prevents the reconstruction of the south of the country.

Also under pressure have been the Palestinian urban concentrations outside Sidon and Tyre in the south. In 1985 the United Nations Relief and Work Agency for Palestine refugees calculated that more than half of registered refugees, numbering 263,600 were in the camps. The Palestine Red Crescent Society calculated late last month that 1,924 residents had been killed, 4,549 wounded and 79,000 displaced since fighting resumed in November. The remaining 30,000 were being subjected to a "condition of deprivation and complete misery," it said. Food stocks were reported to be almost completely depleted.

Fares Ali Al Khatib was angry with the abundance he rediscovered outside Bourj al Barajneh.

"People are throwing away bread here; we were craving for it. Some are looking for breadcrumbs on the floor and breaking into abandoned houses to look for flour and sugar," he added.

"It's true people cooked and ate rats and weeds. Children are dying of hunger. We ran away, a bunch of kids. We raised our hands. I broke loose from the group. I was afraid. I ran, they chased me. I got away somehow," he said as he recalled the escape.

"In three days there will no longer be lights in the hospital. I can't remember which day I left, three or four days ago, but they only had fuel for one week left," Fares added.

Mohammed Kassab, aged nine, said there must be a ceasefire "so people can go and come as they please and so we can eat and drink and everything." He too, had come out of Bourj al Barajneh, without telling his family. "We were eating

cats and mules and slaughtered them like sheep to boil and eat. It tasted salty," he said. Dr Cutting said conditions were very bad but had not reached the point of cannibalism despite an appeal by Bourj al Barajneh residents last week for a religious edict allowing them to eat human flesh.

The doctor, assisted by a Dutch male nurse, a Scottish nurse and a physiotherapist of an undisclosed nationality, yesterday appealed to the United Nations and international relief agencies, especially the International Committee of the Red Cross, to supply food and medicines.

She said the Haifa hospital, located in the heart of the camp and operating with two floors only and a deficient generator, was running short of penicillin, antibiotics, anaesthetic, children's medicines and had depleted supplies of standard painkillers.

The commissioner-general of the United Nations relief and works agency asked yesterday in a message to militia leaders that the UN and other organisations be given safe conduct to enter the camps.

Last Saturday, a truck loaded with flour was blasted with rockets by Shia fighters ringing the camp when it tried to break the blockade and enter. They claimed the truck was carrying ammunition and fighters. Its four occupants were killed.

Since then, bitter fighting has continued around Bourj al Barajneh and Chatila, where guerrillas loyal to Palestine Liberation Organisation chief Yasser Arafat have tried to spill out. The Shia Amal movement is determined to prevent any guerrilla expansion outside the camp.

Dr Cutting said if she had the choice she would not leave the camp because "I don't feel I am sacrificing anything." Morale among the residents was good despite the conditions, she said. "I cried when I saw people who came to the hospital begging for food. But it was they who comforted me. This is their life, they told me. This is not the first time they have been in such hardship."

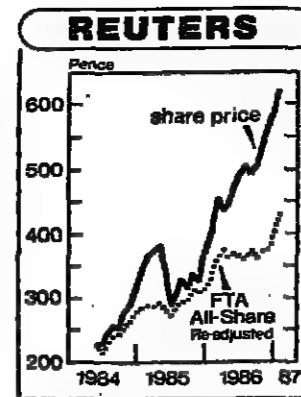
Life inside Bourj al Barajneh and at Haifa hospital is challenging but limited. "We are living in the hospital much of the time. We go around the camp, play chess when there is a free moment," Dr Cutting said.

She told of how a Palestinian doctor fainted in the operating room because he was without food. Two babies yesterday were born prematurely and died because the mothers had been too weak. Diseases and infections are hard to treat because of malnutrition.

She said the doctors with her were coping, though they had become thin and worn. "Life is not so bad. But most of the time at night we sit in the dark."

THE LEX COLUMN

The clone cyclone



pounds each to the near 20 per cent of passengers who bailed out in the three hours after take-off does not look too good. A narrower premium might have kept the shares boiling for longer, but BA will at least be a good international trading stock for a while. And if the publication of the share register in April reveals too many overseas holders, that will in turn be good for trading volume, if not for the price.

Reuters

It is an old story that profits could have grown even faster, but for the level of investment in growth - the story that Reuters was filing yesterday. In Reuters' case, the truth of the claim was there to be seen in the depreciation charge, up 72 per cent to £80m and rather larger than the pre-tax profits of three years ago. Yet the good news about Reuters' advance in profits has been floating around the market since December, leaving little room for price adjustment yesterday.

At 827p, the B shares trade on a good 25 times likely 1987 earnings, a multiple which fully discounts pre-tax profits growth of about a quarter, assuming whatever can be squeezed out of the European network, plus a torrent of revenue from Rich Inc, and system-wide benefits from opening up Japan. Whether or not the "Equities 2000" quotation service is going to add anything to profit in its first year, the Reuters rating reasonably assumes that it will help sustain the overall rate of growth thereafter.

This probably demands that Reuters achieves greater penetration of two US information markets that are currently dominated by other people. Teletext still has the US money markets under its thumb, and will probably keep it there so long as the inter-dealer brokers decline to feed Reuters with their rates. Quotron has the edge in share price information, and now has Citicorp behind its future development. So it may be hard for Reuters to reap the full reward of its heavy US investment. Even if it cracks the US nut, the shares will also have to bear up under a potential avalanche of shares, starting with conversion of Mr Murdoch's preference issue.

US to plan response on Airbus subsidies

By Nancy Dunne in Washington and David Marsh in Bonn

TOP US officials are expected to meet tomorrow to discuss "a full range" of responses in the dispute over alleged unfair subsidies paid to Airbus Industrie, the European airline manufacturing group, according to a spokesman for the US Trade Representative.

He said that among the measures the Administration's cabinet-level economic policy council would consider would be the initiation of a case which could result in President Ronald Reagan imposing countervailing duties on Airbus aircraft sold to the US.

The Reagan Administration has also warned that the US aircraft industry is prepared to file its own unfair trade case. Such a move would put retaliatory action in the hands of the less political US International Trade Commission and Commerce Department.

The industry, however, is reported to be showing signs of hesitation over such action because of opposition from US airlines.

Last week, a high-level US mission received a general rebuttal from London, Bonn and Paris in its bid to win action over US grievances, above all, on the planned A-330 and A-340 Airbus.

The US is also increasing diplomatic efforts to try to counter aggressive price-cutting by Airbus Industrie in specific contracts where it is trying to dislodge McDonnell Douglas, the second biggest US airline maker.

Airbus Industrie has angered the US Administration by trying in recent weeks to win A-340 deals with several international airlines which have already decided options in favour of the rival McDonnell Douglas long-range airliner, the MD-11.

Boeing of the US and McDonnell Douglas claim they are being harmed by subsidised sales of Airbus in world markets.

BA privatisation takes off with 82% opening premium

BY RICHARD TOMKINS IN LONDON

THE British Airways privatisation proved a bonanza in London yesterday when the partly-paid shares shot to an 82 per cent premium above their issue price in first dealings.

The 65p partly-paid stock opened at 115p - significantly above the 100p or so which had been widely forecast earlier in the week - and closed back amid heavy trading to close at 109p.

Enthusiasm for the issue was spurred during the offer for sale by strong overseas interest and buoyant stock market conditions. First-day dealings were given a further boost by yesterday's rise in the market: the FT Ordinary index closed 15.9 up at 1,508.9.

The 82 per cent opening premium rivalled the 86 per cent rise in TSB's price in first dealings last October and the 90 per cent rise for British Telecom two years ago. It dwarfed the 34 per cent premium attracted by British Gas's shares in December.

The size of the premium provoked immediate criticisms that the offer for sale had been underpriced. Mr Tony Blair, an opposition Treasury spokesman, called for the Chancellor of the Exchequer to hold an inquiry into the "bungling" of the issue.

"Taxpayers have lost over £300m

(\$450m) as a result of the undervaluation of British Airways, of which over £50m will go to overseas speculators," Mr Blair said.

The underpricing of privatisation issues is now a major scandal. On British Telecom, British Gas and British Airways alone, there has been an undervaluation of almost £2.5bn.

Mr Michael Spicer, the Aviation Minister, attributed the strength of the opening premium to the rise in the stock market over the period since British Airways' share price was set.

"Only 24 weeks ago, most informed commentators were saying we would not be able to sell this issue to shareholders at anything near today's price," he said. "Since then, the market has gone up by 10 per cent."

Although the premium is large, profits to individual investors will be limited by the severe rationing of shares in the allocation. Someone who applied for 5,000 shares would have received only 250, and would be showing a paper profit of £110 at yesterday's closing price.

Terry Byland in London writes: Optimism for the issue had been fuelled in London by the premium marked on the shares in the "grey", or unofficial pre-issue market, where the shares reached a price of

107p to 112p, with some UK market-making firms said to be active.

When official dealings started, the shares were quickly quoted at 115p on the Seag screens, and the telephone wires buzzed with activity as market-makers and institutional investors flooded into the market.

The price of 115p lasted for only a few seconds, and brought only sellers. Quotations were soon below 100p. Nearly 4m shares changed hands within the first five minutes, and nearly 100m within the first hour.

The shares settled down around 108p fairly quickly, and were finally quoted at 109p, a premium of 44p on the partly-paid issue price of 65p. Out of the 730m shares on issue, some 145m shares had changed hands by the end of dealings. Trading was hectic, particularly for the market-makers, who had no shares on their books when they started quoting prices.

Perhaps a half of yesterday's business may have been done by the market-makers dealing with one another.

There was heavy trading in BA traded options, with sellers of calls finally giving way to buyers as the share price dipped below 110p. Altogether, 40,430 BA options were traded.

UK sees Japanese progress on markets

By David Lascelles in London

THE British Treasury has detected "some welcome signs of change" in Japan's readiness to liberalise its domestic financial markets and open them up for foreign institutions. But it still believes Tokyo has a long way to go before it matches London and New York.

This more upbeat view of Japan, contained in the Treasury's bi-monthly Economic Progress Report, is an indication that the UK government feels that some headway is finally being made in its long-running battle to improve access to the Tokyo market for British banks and securities houses.

It also sets a more positive tone for the next round of high-level discussions with the Japanese Ministry of Finance in London in the spring. These six-monthly meetings have brought tense confrontations in the past.

The report says that in recent years, the Japanese have increased the freedom of capital flows into and out of the country and have taken some steps to liberalise their domestic markets. "This opens substantial new opportunities for British financial companies," it says.

These steps include the easing of regulatory barriers, the elimination of taxes which discriminate against foreign banks, the granting of more banking and securities licences to foreign institutions and the opening up of the Tokyo Stock Exchange to foreign-owned trading firms.

But the Treasury says that "progress has been much slower than Britain and other countries would like, and Japanese financial markets still have a long way to go before they can be compared to either London or New York."

In recent months, a number of UK banks have been granted securities licences in Japan, and in return, two Japanese securities houses have been granted banking licences in the UK, defusing one of the biggest sources of tension on financial relations between the two countries.

But other issues remain to be resolved. The Treasury said yesterday that the agenda for the next round of bilateral talks would include the granting of further securities branch licences for UK banks in Tokyo, and licences to conduct investment advisory business in Japan.

The issue of UK access is particularly sensitive because of the large inroads being made into the UK financial markets by Japanese institutions. This has produced calls from the UK financial community for retaliatory action against Japanese banks, and for measures to curb the acquisition of UK financial institutions by the Japanese.

UK-Italian accord on SDI

Continued from Page 1

are being held, and agreed that no concessions should be made to the terrorists who held them. "I do not believe that there are any new theories or ideas about how to deal with the problem. The old one is best: you stand firm and you do not bargain," Mrs Thatcher said.

The Prime Minister also announced that President Francesco Cossiga of Italy is due to pay a state visit to Britain on November 17 to 20.

Baker seeks to revive US competitive edge

BY NANCY DUNNE IN WASHINGTON

MR JAMES BAKER, the US Treasury Secretary, has laid out a six-part Reagan Administration competitiveness plan which includes worker retraining, trade law revisions and the establishment of university-based technology centres to perform long-term science and engineering research.

Testifying on Tuesday before the House of Representatives Ways and Means Committee, which is preparing its own trade legislation, Mr Baker warned Congress, which is already backing off from most protectionist measures, that "we could not pick a worse time to unfurl the banner of protectionism."

He said that the Administration would resist the following legisla-

tive measures: a general import surcharge, which would invite retaliation by US trading partners; sector-specific protection, such as that proposed by the textile industry; mandatory retaliation, like that linked to a country's trade surplus; limits on presidential discretion in trade negotiation.

Mr Clayton Yeutter, the US Trade Representative, who also testified, said such proposals "all share one basic flaw - they fail to address the fundamental causes of the trade deficit."

Mr Baker included among the causes the US budget deficit, the Third World debt crisis and lack of market access.

Lonrho in \$75m deal

Continued from Page 1

However, stockbrokers discount suggestions that Lonrho might sell in the near future. They said the group was far more likely to float a proportion of the shares. Mr Michael Gordon, of broker James Capel, said Western Platinum could have a market value of over £180m (\$273m). "I think Lonrho have got it dirt cheap. The South Africans would have liked to get it at the same price."

Lonrho has long managed to hold

its interests in South Africa alongside those in a number of other African states which are vehement opponents of Pretoria, including Zimbabwe and Zambia.

In the 1970s, Lonrho was embroiled in a long-running controversy over the British Government's policy in the region. The group took legal action to try to prove that Shell and BP, the oil groups, had broken the government's sanctions against Rhodesia.

World Weather

Area	C	F	Area	C	F	Area	C	F	Area	C	F
Amsterdam	12	54	Dublin	10	50	London	10	50	Madrid	10	50
Antwerp	10	50	Edinburgh	8	46	Manchester	10	50	Moscow	10	50
Birmingham	10	50	Frankfurt	10	50	New York	10	50	Paris	10	50
Bombay	22	72	Geneva	10	50	Rome	10	50	Seoul	10	50
Buenos Aires	10	50	Hamburg	10	50	Stockholm	10	50	Singapore	10	50
Calcutta	10	50	Heidelberg	10	50	Taipei	10	50	Tokyo	10	50
Cairo	10	50	Lisbon	10	50	Ulaanbaatar	10	50	Washington	10	50
Chennai	10	50	London	10	50	Yokohama	10	50			
Colombo	10	50	Madrid	10	50						
Dhaka	10	50	Manila	10	50						
Durban	10	50	Mumbai	10	50						
Harbin	10	50	Osaka	10	50						
Hong Kong	10	50	Seoul	10	50						
Kobe	10	50	Singapore	10	50						
Kuala Lumpur	10	50	Taipei	10	50						
London	10	50	Tokyo	10	50						
Los Angeles	10	50	Ulaanbaatar	10	50						
Lyons	10	50	Yokohama	10	50						
Manila	10	50									
Medan	10	50									
Moscow	10	50									
Mumbai	10	50									
Osaka	10	50									
Paris	10	50									
Seoul	10	50									
Singapore	10	50									
Taipei	10	50									
Tokyo	10	50									
Ulaanbaatar	10	50									
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Newly Qualified Accountancy Appointments

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent PII examinations. We propose to publish the list in our issue of Thursday, March 5, which will also contain several pages of advertisements under the heading "Newly Qualified Accountancy Appointments." The advertising rate will be £43.00 per single column centimetre. Special positions are available by arrangement at premium rates of £52.00 per single column centimetre.

Guide to Recruitment Consultants

and entries in the Guide will be charged at £65.00 which will include company name, address and telephone number.

For further details, please telephone:

Louise Hunter on 01-248 4864
Jane Liversidge on 01-248 5205
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INTERNATIONAL APPOINTMENTS

Unilever executive takes charge at Chesebrough

BY WILLIAM HALL IN NEW YORK

MR MORRIS TABAKSLAT, a 49 year old Dutchman, has been appointed chairman and chief executive of Chesebrough-Pond's, the US consumer products group which was recently acquired for \$3.1bn by Unilever, the Anglo-Dutch consumer products group.

Unilever, which completed its acquisition on Tuesday, has moved quickly to put one of its own senior executives into the job. Mr Tabakslat takes over from Mr Ralph E. Ward, aged 65, who has headed Chesebrough since 1983.

However, the appointment

does not appear to mark a wholesale reshuffle of the Chesebrough-Pond's management team, which includes Mr Bob Phillips, the 47 year old president and chief operating officer, Mr George Goebler, a 45 year old vice chairman and president of the consumer products group, Mr Roy Sambrook, a 51 year old vice chairman and president of the chemical products group, Mr Richard Scheffele, a 51 year old vice chairman, and Mr Donald Wiesen, the 57 year old chief financial officer.

Mr Tabakslat was born in Rotterdam and studied law at

Leiden University. He joined Unilever in 1964, and has worked in the Netherlands, Spain and Brazil. He was appointed personal products co-ordinator in April, 1984, and was elected to the boards of directors of Unilever PLC and Unilever NV in May, 1984.

In 1985, Chesebrough-Pond's had sales of \$2.7bn which compared with Unilever's 1985 sales of \$24bn. Chesebrough-Pond's, products of which range from Vaseline to the recently acquired Stauffer Chemical Company, employs 25,700, while Unilever employs around 300,000.

Unisys picks Wall Street director

By Our Financial Staff

UNISYS CORPORATION, the US-based electronics concern, has elected Mr Richard R. Shinn, executive vice-chairman of the New York Stock Exchange, to its board.

Mr Shinn was chairman and chief executive of Metropolitan Life Insurance Company, of the US, from 1980 until his retirement in 1983. He had been a director of Sperry Corporation from 1975 until the merger with Burroughs in 1986.

He is also a director of Allied Signal Corporation; Consolidated Edison Company of New York; The May Department Stores Company; Putnam Trust Company and Schlumberger Ltd.

Unisys, formed by the merger of Sperry and Burroughs, is a \$9bn annual turnover information systems company with more than 88,000 employees and 60,000 customers in over 100 countries. It manufactures commercial information systems, defence systems and provides related services.

US Borax president

UNITED STATES BORAX and Chemical Corporation, an offshoot of Rio Tinto Corporation of London, the mining group, has appointed Mr Robert Kendall as its president.

Mr Kendall, formerly executive vice president, replaces Mr Carl Randolph, who has retired as president.

North Broken Hill elects new head

BY OUR FINANCIAL STAFF

MR PETER WADE has been appointed managing director of North Broken Hill Holdings, the Australian mining concern, with effect from Friday, in succession to Mr Mark Bethwaite, who has resigned, after being with the company since 1978, and serving as managing director for four years.

Mr Wade joined Associated Pulp and Paper Mills, the Australian forestry industry concern, in 1974, and became chief executive of that company on its acquisition by North in 1983.

He became a director of the North Group in October 1984 and has been director, forestry and paper since then.

Mr Bill Paisley, general manager, paper division, and a director of the operating subsidiary of North Broken Hill Ltd, has been appointed director, forestry and paper operations of that company.

MR CHRIS PAVLOU, 41, has been appointed chief treasury manager of the Hong Kong area management office of Hongkong and Shanghai Banking Corporation with effect from February 16.

Mr Pavlou will be responsible for all foreign exchange and treasury activities and will succeed Mr Peter Atkins, who is to move to another post within the bank in the near future.

Changes at Daiwa Securities

MR JIRO YAMANA has been elected deputy president of Daiwa Securities, one of the Big Four Japanese securities houses, and Mr Katsuhiko Fujimoto appointed to the board.

Mr Yamana takes over from Mr Yukio Hosoi, who has retired from Daiwa Securities to become president of Daiwa Investment Trust and Management Company.

Mr Fujimoto succeeds Mr Yasukazu Akamatsu, who has moved to being senior managing director of Daiwa International Capital Management Company.

Mr Yamana has been senior managing director in charge of Daiwa's international division since 1983. Mr Fujimoto was appointed general manager of the house's international investment banking department last June.

DR MANFRED SCHNEIDER has been appointed a member of Bayer AG's board of management. He joined the company in 1966 and became head of regional co-ordination, corporate auditing and controlling, the corporate staff division in 1984.

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have an impressive track record and be able to demonstrate strong and lucid communication skills. The stamina to work under pressure and the ability to balance broad business issues with the detail necessary to recommend solutions to specific problems are important attributes. A professional qualification and a systems or consultancy background would be desirable.

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Interested applicants should contact Remy Hayes BA, ACA, on 0272 276509 or write to him, enclosing a comprehensive curriculum vitae, at Michael Page Partnership, 29 St. Augustine's Parade, Bristol BS1 4UL, quoting reference B067.

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Lotus Development, founded in 1982, is the world's largest independent supplier of software products for PCs. In 1986 worldwide net sales exceeded £280 million within which international sales grew by 70% and represented 24% of Lotus worldwide revenue.

While much of our success has been due to continuous technological innovation, our increasing turnover means that we rely more and more on the highest standards of financial expertise for our accounting functions. We are now looking for an accountant who can match those high standards in assuming responsibility for a small department and carrying out the international reporting, consolidation and HQ accounting functions.

Working closely with all international subsidiaries you'll be preparing international management reporting packages and monthly statements, consolidating statements from each country, and setting up controls and accounting procedures for our new legal entities abroad. The US team will also regard you as their first point of contact on any international management queries.

This is a key role in our international function: we're looking for someone very special to fill it. A highly competent graduate ACA, aged 24-28 years, you should possess good man-management and communications skills and be able to motivate others by your example. Experience of US reporting and computer systems would be highly advantageous. A willingness to travel occasionally is also important.

We at Lotus have a reputation as exceptional employers: the prospects in this position are excellent, and the salary and benefits package reflect the importance of the role. If you have what we're looking for, please telephone Graham Addison on Windsor (0753) 840281 or write to him at Lotus Development European Corporation, Consort House, Victoria Street, Windsor, Berks SL4 1EX.

Lotus

In pursuit of greater success

£20 - 25,000 P.A. + CAR ETC.
BERKSHIRE

MBS plc is the UK's leading personal computer supplier and services company. We have reached a critical phase in our development, after a phenomenal growth rate in recent years. Following profit-orientated consolidation, the company is now poised for further expansion, both organic and acquisitive. Our plans are highly ambitious, yet realistic, offering exciting opportunities for true professionals who seek to take an active part in managing future growth.

We wish to appoint finance specialists: young, highly qualified and ambitious individuals who have the motivation, energy and innovation to make an immediate contribution to business performance.

DIVISIONAL FINANCIAL CONTROLLER

Joining our engineering business, which is already a success within MBS, you will both support and guide line management, through evaluation and analysis, so providing a constant control on the division's progress.

For further information contact David Downes, Finance Director, on Slough (06286) 68500, or write with comprehensive c.v. to, or telephone Nick van Dorp, Personnel & Training Manager, MBS plc., 119/120 High Street, Eton, Windsor, Berks SL4 6AN. Telephone 0753 868371.

MBS

FINANCIAL ANALYST

In this position, you will undertake assignments in our various divisions and have specific responsibility to support line management in an operational role. There will be a significant commercial bias, with the key contribution being the provision of high level financial support to the marketing function, with particular emphasis on planning strategy sales forecasting and margin analysis.

Candidates for either role should be qualified accountants of graduate calibre. An MBA may well be appropriate. Certainly, you will have achieved demonstrable success over at least three years with a growth orientated company in a fast-moving environment.

Both positions command a salary of c.£20,000 - £25,000 p.a., together with a fully expensed company car, BUPA, non-contributory pension scheme, free life assurance and a new share-save scheme. Relocation assistance will be given if appropriate. In this constantly developing environment, where finance takes an active management role, opportunities of further career development are considerable.



ACCOUNTANCY
APPOINTMENTS
111 Piccadilly
Manchester M1 2DB

YOUNG FAST TRACK ACCOUNTANTS!

To 30 years old £17-20,000

A leading blue chip company requires first class ACA's currently working in the profession.

As a graduate with excellent examination record you will no longer be seeking to establish yourself in a long term career in industry. This position offers the rare opportunity to gain experience in a wide variety of disciplines, liaising with the highest levels of Management in the formulation of corporate policy. It is envisaged that following an initial 2-3 years your career will develop either in a financial or general management direction. An excellent remuneration and benefits package is offered to suitable candidates.

Contact Jonathan Strachan on 061-228 1913 or write enclosing details.

HESTAIR MANAGEMENT SERVICES LIMITED

ASSISTANT COMPANY SECRETARY

c.£17,000 + CAR TONBRIDGE, KENT

Benn Brothers plc, leading publishers of specialist business magazines, are seeking to appoint a qualified Chartered Secretary ideally in the age range 30-40.

Experience in pensions administration is essential. Other responsibilities will include the full range of secretarial matters for a number of subsidiary companies, preparation of agendas and minutes of board meetings and insurance.

The successful candidate will have a friendly and confident personality with a flexible approach to working in a small team. Salary is negotiable. Benefits include a company car, contributory pension scheme and private medical insurance.

Apply in writing to Geoffrey Smith, Personnel Manager, Benn Brothers plc, Sovereign Way, Tonbridge, Kent TN11 1RW. All applications will be treated in confidence.

Benn

Accountancy Appointments

**SHEARSON
LEHMAN
BROTHERS**

CREATIVE M & A SPECIALISTS

City To £25,000 + bonus

As one of the world's largest and most profitable investment banks, Shearson Lehman is looking to recruit exceptional individuals into their UK Mergers and Acquisitions Department.

The image of the bank is to be pro-active rather than re-active and transactions are effected in the UK domestic market as well as the US and European markets. This is an excellent opportunity for smart professionals with entrepreneurial flair and a charismatic presence.

Candidates must be recently qualified Chartered Accountants with an impeccable academic background and the ability to act on their own initiative. They must be able to work under pressure, be confident in their own ability and also possess a sense of judgement. Mergers and acquisitions experience would be an advantage, but is not essential.

The base salary will be up to £25,000 with a high percentage discretionary bonus, which is performance related. Interested candidates should write enclosing full C.V. to Deborah Sherry, Douglas Llamias Associates Ltd, 410 Strand, London WC2R 0NS, quoting reference number 7427.

ACCOUNTANCY & MANAGEMENT RECRUITMENT CONSULTANTS

DOUGLAS & LLAMBIAS

LONDON · LIVERPOOL · MANCHESTER · ABERDEEN · EDINBURGH · GLASGOW · DUBLIN
DOUGLAS LLAMBIAS ASSOCIATES LIMITED, 410 STRAND, LONDON WC2R 0NS
TELEPHONE: 01-836 9501

Finance Director

Designate

London

from £30k + car

Our client is a privately-owned, international property management group, which is poised to significantly expand and diversify its activities. An exciting opportunity now exists for a highly professional Accountant with entrepreneurial flair to take executive responsibility for the finance function of the group. As a member of a small executive board, you will make a major contribution to business strategy and development both in the UK and overseas. Initial responsibilities will include the financial re-structuring of the group, establishing a corporate treasury function and introducing integrated computerised accounting and management information systems.

You will be a qualified accountant probably in your mid 30's who has worked in an international environment, ideally within property management. Previous computer experience and international banking and treasury exposure are important. The personal qualities sought include assertive management skills, integrity, flexibility and a capacity to work under stress. A working knowledge of French and/or German would be an additional advantage.

Interested applicants should write to Barry Ollier ACA, Executive Division, enclosing a comprehensive C.V. and daytime telephone number at 39-41 Parker Street, London WC2B 5LH, quoting ref. 383.



Michael Page Partnership

International Recruitment Consultants

London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Financial Controller

Park Royal

to £35K + car

Our client, a dynamic, market leading manufacturer with a professional, high powered profile, is looking to recruit a Financial Controller. The company has a turnover in excess of £7m and has already initiated a programme of growth through diversification. The person sought will be heavily involved in this exciting expansion activity in addition to managing a staff of ten in providing financial information, including monthly management accounts, statutory accounts, purchase and sales ledgers and credit control.

The successful candidate will be a qualified accountant, aged 28-38 with good man-management and communication skills, a problem solver who can demonstrate commercial flair and business acumen.

Interested candidates should write, enclosing a comprehensive curriculum vitae and daytime telephone number, quoting ref. 384 to Philip Rice MA ACMA, Executive Division at 39-41 Parker Street, London WC2B 5LH.



Michael Page Partnership

International Recruitment Consultants

London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Accountant in Treasury Hampshire

When you're considering your options, some are more considerable than others

c.£17k package

Take TSB Trust Company, for example.

Even against the background of our fast-moving parent group, Trust Company's rise to prominence in the insurance and investment markets has been nothing short of remarkable.

It's a growth story which has made us one of the most successful companies in the entire financial sector.

And it's continuing to create some rather special career possibilities, not least in Accounting and Treasury.

At our Head Offices in Andover, just an hour from London and an hour from the coast, we need an ACA, ACCA or ACMA with corporate treasury experience to take on a newly-created accounting role within the Treasury Department.

Through seven individual trading units within Trust Company, Treasury manages an annual income around £500m, from premiums and other sources.

Your depth of experience must enable you to forecast and report cash flows for a variety of funds and manage working capital needs. You will establish and operate credit control within the Company, be responsible for external liaison with our bankers and develop supportive computer systems.

(We also seek a more junior accountant, probably part-qualified, to assist in all these tasks.)

The rewards comprise a competitive salary and subsidised mortgage, resulting in the package quoted above. Additionally, financial sector benefits will apply and relocation expenses will be given where appropriate.

For an application form, please telephone or write to Anne Ing, The Personnel Department, TSB Trust Company Limited, Charlton Place, Andover, Hampshire SP10 1RE. Telephone Andover (0264) 56789 ext. 2161.



Financial Management

Essex

Our client, the UK member of a major international group, is a rapidly growing company in the high technology office automation market.

Continuing expansion requires that the company's financial management is strengthened by the creation of two key high visibility appointments.

TREASURY MANAGEMENT

Responsible for the provision of accounting information to ensure accurate cash forecasting and tight monitoring of banking and foreign exchange transactions. Experience of managing a financial accounting department is essential. (Ref F7021)

FINANCE MANAGER

Control of the planning, budgeting and reporting functions for Sales Operations throughout the UK. Experience of developing financial models using spreadsheets is required. (Ref F7022)

For both positions, applicants should be qualified accountants, preferably graduates, who can contribute to the broader commercial management of the business.

Please reply in confidence quoting the appropriate reference to Jeff Adcock at 25 New Street Square, London EC4A 3LN.



Clark Whitehill Consultants

Executive Selection

ACCOUNTING OPPORTUNITIES

OIL

WEST END

Amerada Hess Limited, a highly successful and expanding subsidiary of the Amerada Hess Corporation, is directed by an all British Management and has been involved in the North Sea since 1984. It is one of the ten largest companies operating in the North Sea with interests in 88 blocks, 7 producing fields and is developing the Vanhoo and Rob Roy fields.

Excellent career opportunities now exist for young Accountants with practical experience in a large company or accounting environment.

CORPORATE REPORTING

A responsible role to provide full accounting and budgetary control of corporate costs through analysis and regular reporting to senior management. Candidates, preferably qualified, must have gained experience in industry or commerce and will have computer skills.

FINANCIAL PLANNING

A demanding and stimulating role assisting in budgeting, forecasting and financial planning both for UK and USA management centres. Ideally applicants will be part qualified or recently qualified in industry and will have computer skills.

TAXATION

A newly created junior accountant's role to generally assist within the tax department and to take responsibility for tax reconciliation. This position will provide a good grounding in all aspects of UK taxation including Petroleum Revenue Tax. Part qualified applicants must have analytical and computer skills, be quick to learn and be seeking a challenging career in the oil industry.

The excellent benefits package includes an attractive salary, non-contributory pension, subsidised BUPA, luncheon allowance, season ticket loan and five weeks' holiday.

To apply, write to Andrew Scott-Prestley, giving full details of career history, current salary and indicating the post applied for.

Amerada Hess Limited,
2 Stephen Street,
London W1P 1PL
Tel: (01) 636 7768



Investment Banking

New Qual ACAs

c£30K

A major international investment banking group seeks young, qualified accountants to set up their new capital markets and securities support groups.

The individuals, preferably with banking experience, must be ambitious, have analytical enquiring minds and be able to liaise effectively with board members and trading staff.

The positions offer exciting opportunities to develop a career away from run of the mill financial accounting at a time of significant changes in London's financial markets.

Interested individuals should contact Suzie Mummé on 01-248-3653 or 0832-220151 (evenings/weekends), or write enclosing a CV.

All applications will be treated in the strictest confidence.



80, Cheapside,
London EC2V 6AX

Telephone:
01-248 3653

CONSULTANTS IN RECRUITMENT



WICKES plc

GROUP CHIEF ACCOUNTANT

Salary circa £26,000 plus car and benefits

Wickes, one of Europe's largest home improvement retailers, seeks an ambitious young Chief Accountant at group headquarters in London.

Reporting to the Finance Director, the Group Chief Accountant is in charge of a small head office team and is responsible for all aspects of group financial reporting, cash management and tax planning. In addition to the production and interpretation of regular reports for senior management, the position entails the preparation of financial and statutory accounts for both UK and US reporting purposes.

The successful candidate will be a graduate Chartered Accountant in the age range 27-33, with strong technical skills and the potential for further development in a challenging and forward looking environment.

Wickes businesses in the U.K., Holland and Belgium include home improvement retailing, property and financial services, and tool hire.

Please write in confidence, enclosing career details, to:
A J Mills-Baker, Finance Director, Wickes plc, 19/21 Mortimer Street,
London W1N 7RJ.

Chief Accountant

S. Beds.

£27,000+

GEI International PLC is a successful quoted group of manufacturing companies in specialist engineering and steel sectors. Turnover is currently around £70m, and the Group is planning a programme of expansion by acquisition.

We now require a Chief Accountant to join a young and well qualified finance team in our Head Office in Dunstable. Reporting to the Group Secretary, your primary responsibility will be for the full range of corporate accountancy functions. In addition, there will be special assignments, investigative work, and general support for the Group Secretary.

The company operates sophisticated financial control systems and you will be actively involved in developing and introducing improvements. There will be some travel in the UK and overseas. You must be a graduate chartered accountant, aged at least 30, with experience in manufacturing companies at a senior level.

Salary will be a minimum of £27,000 plus a range of benefits including a fully serviced executive car and relocation assistance where applicable.

Please write with a full CV to Stephen A. Rawlinson, BA, FCA, Group Secretary, GEI International PLC, 42-44 West Street, Dunstable, Beds. LU6 1TA.



SHORT CUT TO SHORT LIST

FOR GO-AHEAD YOUNG ACCOUNTANTS THROUGHOUT THE UK -
AT SALARIES UP TO £40,000 P.A.



London House, 271-273 King St, London W6 9LZ.

Applicants: To take advantage of our fast, free and fully confidential service, post off the coupon to:

Michael Polley, FCA, MBA, Hall-Mark Appointments Register, FREEPOST, London W6 9BB (no stamp required). Telephone: 01-741 8011/01-748 3444 (24 hrs). Pressel 015903573.

Employers: Our consultant J. Bennett will be happy to discuss our services. Telephone him on 01-741 8011.

SURNAME (MR/MRS/MISS)	
FORENAME(S)	
ADDRESS	
POSTCODE	FT112/2

Accountancy Appointments

The bottom line for ambitious Tax Specialists

For many the 'bottom line' will be finding an interesting, challenging and varied role, for which they will be well rewarded. We can offer the immediate prospect of earning up to £30,000 and the opportunity for rapid development to partner. Whether you're a manager, assistant manager, or supervisor, it's hard to ignore the fact that you could well go further, faster, as one of our valued tax advisory team.

You'll be in an influential position, servicing your own group of clients. What's more, the majority of your work will be tax and business consulting - providing interest and continuous intellectual challenge.

In terms of training, you'll find our commitment

to your development is second to none. We devote time, effort and expense to meet your individual requirements.

As for our requirements, we are looking for business-minded chartered accountants in their 20s and 30s, who are keen to work as part of a cohesive, friendly team constantly exchanging knowledge and ideas. You will be able to obtain the very best from your own ability and find real job satisfaction.

We believe that the opportunities in tax with Arthur Andersen are exceptional. Why not see for yourself by spending time with us, talking to a cross-section of our team.

As a first step to an opportunity that's not just better, but better by far, write to: Richard Gould, Assistant Personnel Manager - Tax, Arthur Andersen & Co., 1 Surrey Street, London WC2R 2PS or call him on 01-438 3479.

**ARTHUR
ANDERSEN
& CO.**

OFFICES IN ABERDEEN, BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM AND READING.

CHIEF FINANCIAL OFFICER

City of London

Up to £35,000 + Car

Our client, an International Securities House, wishes to appoint a Chief Financial Officer for its London office.

Specific responsibilities include:

- controlling and monitoring all expenditure in the London office.
- proper allocation of human resources to each of the divisions.
- proper allocation of costs to each of the divisions.
- all regulatory and tax compliance matters.
- tracking and reporting systems for their foreign market business.
- overseeing travel advance and expense reporting system.
- providing a focal point for all financial and administration problems or communications.

Candidates must be qualified accountants preferably with a degree, and have about five years post qualification experience in the stockbroking sector. Experience in the US and international markets would be a distinct advantage. Considerable importance is attached to excellent personal qualities including enthusiasm, drive and communication skills.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2745 to W. L. Tait, Executive Selection Division.

Touche Ross
The Business Partners

Thames Inn House, 3/4 Holborn Circus, London EC1N 2HB. Tel: 01-353 7361.

Financial Director

Avon

Age: 30-40

to £40,000 + Car + Benefits

Our client is a successful £30 million turnover private company involved at the forefront of the high-technology industry, with an international reputation for innovation and outstanding achievement. Having experienced steady growth and profitability in recent years, they are now on the brink of a major expansion programme where turnover is expected to more than triple in the next four years.

They seek an experienced and able Finance Director to join the main board and assume total control of their finance function during, and beyond, this growth period.

The role is extremely challenging and encompasses all financial duties including:

- * planning, forecasting and budgeting
- * management and financial information for internal and statutory purposes
- * systems development and enhancement
- * tax planning
- * resourcing and treasury management
- * administrative and company secretarial duties
- * liaison with external advisors including overseas fiscal authorities.

Although the role will demand an immediate and positive contribution towards running the business from the Board Room, there is also a requirement for a "shirt sleeves" approach in addressing the detailed management information system needs of the company at all levels.

The successful applicant is likely to be currently at Board level, preferably with a background in engineering and a qualified accountant with an impressive track record to date. He, or she, must also be able to display the flair, ambition and enthusiasm necessary to match the challenge and reward offered in this role.

Interested applicants should write, enclosing a comprehensive curriculum vitae, to: Renny Hayes BA ACA at Michael Page Partnership, 29 St Augustine's Parade, Bristol BS1 4UL, quoting reference 8066.

MP

Michael Page Partnership

International Recruitment Consultants

London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Group Treasurer

Central London c£45,000 (inc Bonus) + car

The Treasurer of this dynamic group will work closely with the Finance Director and the main board on a wide area of corporate treasury matters. He/she will be responsible for the central treasury department including cash management and financing overseas subsidiaries (which will require experience of overseas transactions and foreign exchange dealing). Our client, a major international industrial group (T/O £900m), has experienced significant earnings growth in recent years, which should provide a platform for further opportunities in the future, including an aggressive programme of acquisitions. Applicants must be Chartered Accountants with relevant treasury experience in a major international firm. Ref: 1422/FT. Write or telephone for an application form or send full details (with day-time telephone number and current salary) to R.P. Carpenter, FCA, FCMA, ACIS, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

MONACO

Recently Qualified ACA

c.£20,000 + pa. tax free

Our client is a leading international services company, seeking an independent and motivated person for a varied accounting role.

Your profile should be close to the following:

- * Large firm experience
- * An international outlook (gained through education and/or audit experience).
- * A determined and resilient approach, allied to flexibility and diplomacy.
- * Capability of improving your French to a 'good working knowledge' standard.

In your first post upon leaving the profession after a probationary period, you will report to the Company President. You will have the opportunity of consolidating your experience through:

- * Financial and systems audit (approx 60%) in Monaco, U.S.A., Scotland, Singapore and West Africa (travel content 40%).
- * The freedom to develop your own work methods subject to performance review.
- * Accountancy exposure - in Monaco.
- * The continuing development of financial procedures throughout the group.
- * Ad hoc special investigations as requested by the President.
- * An international experience - your colleagues in Monaco are drawn from 12 nations.

Interested applicants should contact James Forte on 01-831 0431 or write enclosing a comprehensive CV to Michael Page International, 39-41 Parker Street, London WC2B 5LH, quoting ref. J2102.

MP

Michael Page International

Recruitment Consultants

London Brussels New York Paris Sydney

A member of Addison Consultancy Group PLC

MANAGEMENT AND FINANCIAL ACCOUNTANTS

BERKSHIRE

£13K-£19K

Our client is part of a highly successful and rapidly developing electronics company. Due to this expansion there are excellent career opportunities for well motivated qualified/part qualified Management and Financial Accountants.

You:

- Must be qualified or nearing qualifications in ICMA, ACCA or ACA
- Should be familiar with P.C. accounting packages
- Must be able to communicate at all levels
- Should have the drive and enthusiasm to forge a career within Britain's most exciting industry

We offer:

- Unparalleled career development opportunities
- First class remuneration package
- The personal challenge of helping to maintain a phenomenal Rate of Progress

If you match our requirements and are ready for a career move then we would like to hear from you.

Please write in confidence giving details of qualifications, experience and salary, quoting reference A/209/FT to: Randall Massey Consultants, 136 Victoria Road, Swindon, Wilts SN3 3BU or alternatively call (0793) 614700.

RANDALL

MASSEY

Financial Planning, Resource Allocation and Internal Audit

- a key role in the running of one of the Country's biggest organisations

Based Manchester Salary to £25,000 p.a.

The North Western Regional Health Authority is the second largest region in England, with an annual revenue budget of £900 million, spread across 19 District Health Authorities and including a capital programme of £70 million per year.

Reporting to the Assistant General Manager, this position carries responsibility for the effective management of three important sections of the Finance and Management Services Division - Financial Planning, Resource Allocation and Internal Audit.

In particular, the successful applicant will ensure the compatibility of all resource aspects of the strategic and short term plans, the resource allocation policies and the consequences of the Capital Investment programme of the R.H.A. He or she will also play a major part in the review process relating to District Health Authorities.

The position represents an excellent opportunity for someone with relevant skills to develop and extend these three key areas, as well as their career. CIPFA qualified or the holder of a similar accountancy qualification, you will have extensive experience in financial planning and internal audit, gained in the public service, industry or commerce. In your mid-late 30's, you will possess good managerial and communication skills together with the ability to interpret information quickly.

If you feel you possess the right professional and managerial qualities for this position, write or telephone for an application form and job description to the Regional Personnel Division, Gateway House, Piccadilly South, Manchester M60 7LP, quoting reference number R/199/D. Tel: 061-236 9454, ext 2327. Closing date for receipt of completed application forms 12.00 noon Friday 27th February 1987. This Authority is an Equal Opportunities Employer.

NORTH WESTERN REGIONAL HEALTH AUTHORITY

Take the opportunity to join an American Group at a senior level and become

GROUP FINANCIAL ANALYST

£20,000 + benefits

IN SOUTH EAST FRANCE

The role will entail difficult and demanding work where you will be dealing in several different currencies, producing regular management reports and becoming involved in important consolidation projects. Reporting to the International Controller, you will check interim financial reports carefully to highlight potential problems.

Applicants (male or female) should be aged around 30 and be qualified accountants.

The company is situated in South East France close to the Swiss border. It is within easy reach of Lyon, Geneva, Basle and the Mediterranean coast, with direct motorway access to Paris.

A knowledge of French would be an advantage and would facilitate your integration into the local community.

As you would expect from a leading international company, the salary and benefits, as well as the location, are highly attractive, with genuine prospects for career development.

TNT

Send CV (with telephone number) to:
D. Unrois, Personnel Director
ITT Composants et Instruments
Avenue du Maréchal de Lattre de Tassigny
BP 224, 39105 Dole, France

FINANCIAL CONTROLLER ST. ALBANS, HERTS

£ NEGOTIABLE + CAR

An excellent opportunity exists for an experienced self-motivated Financial Controller to take a major role in the further development and expansion of Galley Matrix Limited, the leading distributor of quality products to the fitted kitchen industry.

The prime responsibility will be for introducing, maintaining and developing appropriate financial controls, management information, and day-to-day accounting using computer-based systems. He or she will be able to use initiative and have relevant experience, be willing to accept responsibility in a demanding growth environment and be able to demonstrate the ability to contribute actively to the success of the business.

Please address applications, marked private and confidential, with full career history to:-

Mr. Kevin Gould, Managing Director,

Galley Matrix

GALLEY MATRIX LIMITED,

1 Brick Knoll Park, Ashley Road, St. Albans, Hertfordshire AL1 5UG.
Telephone St. Albans (0727) 36411 Telex 298477

Advertising Appointments

£43 per single column centimetre
Premium positions will be charged
£53 per single column centimetre

For further information, call:
Jane Liversidge
01-248 5205

Daniel Berry
01-248 4782

Emma Cox
01-236 3769

Accountancy Appointments

HEAD OF INTERNAL AUDIT

£25,000-£30,000 + Car + Banking Benefits

Our client, the holding company of a highly prestigious UK Merchant Banking, Fund Management and Securities Group, is seeking a first class Chartered Accountant to lead their internal audit team, as a replacement for the current manager who is about to take up a major new appointment in the group. The team's responsibilities cover all aspects of the group's business in London and internationally, and the position will involve occasional international travel.

Applicants, probably in their early thirties, are likely to have qualified with a major City firm and to have had substantial exposure to the financial sector. Equally important is the ability to manage and motivate the internal audit team.

Prospects for career development within the group are excellent.

For further details, please contact Tim Clarke ACA, or Philippa Dilley who will treat all enquiries in strict confidence.

BADENOCH & CLARK

THE FINANCIAL RECRUITMENT SPECIALISTS
18-19 NEW BRIDGE STREET, BLACKFRIARS, LONDON EC4
TELEPHONE 01-553 0073

APPOINTMENTS ADVERTISING

£43 per single column centimetre.
Premium positions will be charged £52 per single column centimetre.

For further information call:
Jane Liveridge 01-248 8206
Daniel Berry 01-248 0762
Emma Cox 01-248 3799

SYSTEMS ACCOUNTANTS

An environment of change where flair and achievement are encouraged and rewarded

Salaries £25 to £30K (negotiable) + excellent benefits

London + Reading

The Prudential is taking full advantage of the new opportunities which deregulation, new technology and the dissolution of traditional business boundaries have presented to the financial services industry.

Our size has given us the resources to move into new areas of operation such as Unit Trusts and Estate Agency. But even more important has been a restructuring to create an organisation which although large is fully responsive to change. We enjoy the best of both worlds - the resources of a big company and the flexibility of a small one.

In every key area this flexibility is further enhanced by our commitment to the very best management information, financial control and administration systems. Given the diversity of our business operations we are able to offer an unusually broad range of challenges to skilled Systems Accountants.

The opportunities now available - four in Holborn, one in Reading - fall into five critical areas of the business and promise an exciting breadth of project work.

These projects include:

- The development of a new world-wide underwriting performance monitoring system and the implementation of a general ledger system for our international operations.
- The development of new revenue and cost control systems for operations management in a multi-product, multi-location network.
- The assessment and review of many of the group's developing computer information systems to ensure an acceptable level of control.
- The design of a system to monitor key business indicators and provide critical strategic information for a major division.
- The co-ordination of a major accounting and administration systems review within a rapidly changing area of business and the design of a division-wide financial reporting and management information system.

We're looking for graduate Accountants aged mid 20's to early 30's with at least two years' systems experience who can comfortably adapt to new concepts and cultures. Experience in computer audit and/or systems design and implementation is essential. Additional skills in financial modelling, project management and user training would be advantageous and a high degree of interpersonal and presentation ability is expected.

In return, the prospects and the opportunities within the Prudential are many and varied, all the more so as we continue to expand and diversify. This rare scope is matched by excellent rewards including negotiable salaries and generous benefits such as a subsidised mortgage, a non-contributory pension scheme and relocation assistance where appropriate.

Look to the future with Prudential. Please telephone our Recruitment Consultant, David Tod BSc FCA on 01-405 3499 or send a detailed CV to Lloyd Management, 125 High Holborn, London WC1V 6QA.



PRUDENTIAL

Financial Controller

Central Essex

£20,000 + Car + Relocation

Our client is a subsidiary of a major £1.5 billion + UK multinational specialising in the manufacture and marketing of sophisticated technical products. The company is currently engaged in a dramatic international expansion programme which has increased sales by well over 100% in the last year. They now wish to appoint a Financial Controller to take responsibility for the setting up of a small, highly qualified Group Finance Team. This new position will have responsibility for:

- ★ Development of Group Finance functions.
- ★ Preparation of Group financial management reports.
- ★ Treasury and Tax Planning.
- ★ Budgeting, Planning and Forecasting.

- ★ Provision of financial/commercial advice to Operating Management.
- ★ Acquisition investigations.

Applicants should be qualified accountants, aged 27-35 and should be able to demonstrate a successful track record at management level within a progressive environment.

A positive and intelligent approach to problem solving and strong commercial skills are the key personal characteristics required for this high profile role. Prospects are excellent. Interested applicants should contact Peter Ward ACMA on 01-831 2000 or write to him enclosing a CV quoting ref: EICN101 at 39-41 Parker Street, London WC2B 5LH.



Michael Page Partnership

International Recruitment Consultants

London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Financial Director

£150m Company within a major Public Group

M11 Corridor

to £40,000 + substantial benefits

This Company controls a successful autonomous business within a major Public Group. It has several manufacturing sites throughout the UK and there is also a worldwide international export business.

The main tasks are to review and strengthen the Accounts function, to provide financial advice at Board level, and to make a strategic development input.

The Director will be a qualified accountant - probably Chartered, who is a mature manager with commercial ability, wide ranging experience, real drive and determination. Initiative and an ability to communicate are essential.

Initial benefits will include a fully expensed quality car, a performance linked bonus, top hat pension and full relocation costs.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to Barry Underwood, advisor to the Managing Director quoting reference 1711/FT on both envelope and letter.

Deloitte Haskins & Sells

Management Consultancy Division

P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

Investment Accounting

Datastream provides the City with easily accessible up-to-the-minute financial information and the opportunity to analyse and manipulate it using the latest computer technology.

We are currently looking for a Supervisor to manage our Investment Accounting Department, which provides clients with fully automated double entry bookkeeping services, printed statutory reports and on-line management information. With a proven track-record in IA/Fund Management in a Supervisory role, the successful applicant will be able to communicate succinctly and effectively, work on their own initiative in a high pressure environment and motivate, organise and lead staff.

SALARY UP TO £15k

(depending on experience) plus excellent benefits package. If you feel you have the experience and personal attributes to succeed in the challenging role, please send your full CV immediately to:

K. Taylor, Recruitment Officer

DATASTREAM INTERNATIONAL LTD
Monmouth House, 58-64 City Road, EC1Y 2AL

DATASTREAM

CHARTERED ACCOUNTANT

Surrey/London border c£23,000 + car

After gaining a couple of years post qualification experience, you now want the scope to make a major impact on a substantial business from within a secure framework where potential for career progression is excellent.

My client is a Finance House with a nationwide network of offices; the company forms an expanding part of a blue chip group.

The role of Financial Controller is a new one. Amongst many and varied responsibilities, you will be expected to achieve much in three key areas.

- Systems development, specifically in enhancing the flow of business information to and from the branches
- Leasing accounts, technically demanding and including assessment of tax options and further systems improvement
- Interface between Head Office and customers and branches with regard to new business processing, settlements and commissions

If you are keen to develop your career in a fast moving and challenging environment please telephone, or send your career details to, Nigel Murray.

Telephone: (0483) 85566 (out of hours 0730/07806)



Management Personnel

Recruitment Solutions & Staffing
York House, Chertsey Street GUILDFORD, Surrey GU1 4ET

A leading provider of financial information services, Standard & Poor's is experiencing rapid growth in its international debt rating activities. Two new opportunities exist for credit analysts based in the company's London office.

Standard & Poor's compensation and benefits programs are fully competitive. The company offers a highly professional work environment and good career prospects.

CREDIT ANALYST

European Insurers

This position entails in-depth financial and business research into the insurance industry. The selected candidate will serve as a member of S&P's growing insurance ratings department, participating most directly in the assessment of European insurers. Qualifications should include at least three years of experience analysing the financial condition of insurance companies for a bank, brokerage, regulatory agency or similar institution. Strong interpersonal and writing skills are also required.

CREDIT ANALYST

European Industrials

Applications are currently sought for an analyst to participate in the assessment of European industrial companies. The position entails in-depth analysis of companies' financial and operating performance. Reports are presented both for internal credit reviews and for external use by the investment community. The successful candidate must demonstrate keen analytical qualities. Experience within the credit department of a major international bank is preferred.

For consideration, please forward your curriculum vitae in confidence to:

Paul Jenkinson

Corporate Administration



Standard & Poor's Corporation

2 Copthall Avenue, London EC2R 7DA

UK Controller

Aberdeen
circa £24,000 plus car

A leading international oil and gas service company requires a Controller for its UK operations.

Based in Aberdeen and accountable to the UK manager for financial and management accounting functions, presentation of monthly and annual accounts and provision of advice on all commercial aspects. Responsibilities also include the interpretation and presentation of quarterly and annual budget performances to the American parent company.

Professionally qualified, aged between 27 and 35, the appointee, as a member of a small, tight-knit management team, must be capable of making a positive contribution to the management of the business, be self-motivated, enthusiastic and accustomed to working to tight deadlines.

Initial salary will be subject to discussion. Fringe benefits include fully expensed company car, executive pension, private health and relocation assistance if necessary. Candidates should apply in confidence enclosing a full curriculum vitae including present salary, quoting reference MCS/12 to David Gibb, Executive Selection Division Price Waterhouse Management Consultants 1 Blythswood Square Glasgow G2 4AD

Price Waterhouse



Management Accounting Manager

to £18,000 plus car

Merchant Investors is a progressive unit-linked Life and Pension Company based in Croydon with around £200 million assets under management.

We are committed to the strong financial management of our business along with product innovation and people development.

Consistent with these objectives we now need to appoint an energetic newly-qualified ACA with an interest or experience in the Financial Services Sector.

The successful candidate will be responsible for the Company's management and Statutory Accounts as well as the Company's expense control system.

As well as the salary indicated there are a number of benefits including BUPA and 5 weeks holiday.

Please send full CV and current salary to John Miller, Merchant Investors, PO Box 35, Leon House, 233 High Street, Croydon, Surrey CR9 1LP.

MERCHANT INVESTORS



Accountancy Appointments

Young ACA's Secondment to United States

Our client, one of the fastest growing Fortune 500 companies listed on the New York Stock Exchange, is a US multinational company with diverse interests, specialising in advanced technology fields. As part of their on-going financial management development plans, they are now looking for a young Chartered Accountant to participate in the company's professional management programme. Based in Connecticut USA, and London UK, the person will rotate through a variety of assignments to gain a thorough knowledge of the corporation which will involve gaining in-depth exposure to:-

- ★ Treasury
 - ★ Acquisitions/Mergers
 - ★ Management Reporting
 - ★ Operational Review
- This is a unique training programme and it is emphasised that the company is committed to the long term career development of its staff. Applicants 24-28, should be recently qualified chartered accountants/finalists who have trained with a large professional firm and have the presence and personal skills to communicate at senior management level.

c£19,000 + Benefits

Interested applicants should contact Hugh Everard on 01-831 2000 (evenings and weekends 01-254 8326) or write to him at 39-41 Parker Street, London WC2B 5LH.



Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester
Leeds Glasgow & Worldwide

INTERNATIONAL FUND MANAGEMENT PARIS

We are a small team of English-speaking investment advisers operating in Paris. We need a young motivated, highly numerate qualified chartered or certified accountant to run our portfolio valuation and administration systems. The ideal candidate is probably newly qualified or with one or two years' post-qualification experience. The job will entail the development of our systems software working in a close conjunction with our in-house programmer. The right applicant will be able to work on his own, enjoy responsibility, and will be offered the opportunity of directing the development of a fast growing, exciting off-shore organisation. Some knowledge of French is desirable but not essential. Salary from FF 165,000 dependant upon the calibre of the candidate.

Send full career details to:
Paul Smith, Michael Rule S.A.
29 rue la Boetie, 75008 Paris, France
or
Telephone 010-33-1-42-66-06-40
for further details

Internal Auditor

Leading to a broader financial role
International Banking
c£26,000 + car + banking benefits

This established and enterprising European bank is now poised to increase its UK activities and wishes to strengthen its internal audit function. Reporting to the General Manager, the person appointed will be responsible for the operation of an internal audit department which will critically examine the operational and financial systems and procedures used throughout the London branch. In addition, integration and some

operational responsibility, particularly in treasury business, will be given at an early stage making the appointment an outstanding career opportunity in the banking sector. Ideally, candidates will be aged around 26-35, qualified accountants with significant internal or external auditing experience in the banking sector. He or she must be independently minded, with a positive approach to internal audit, and

ambitious enough to see the potential of this position. Future career progression may be outside the internal audit function. Candidates should send a full CV quoting reference MCS/3018 to: Tracey Phillips, Executive Selection Division, Price Waterhouse Management Consultants, 1 London Bridge, London SE1 9QL.

Price Waterhouse

F. D. DESIGNATE – FOOD SECTOR

West London

c£30,000 (Package) + Car

Our client, a specialist FMCG Company is making rapid progress towards a USM listing. With current turnover approaching £8 million, they have an envied reputation as the innovative force in provision of food and drinks to the travel and catering industry.

The role of F. D. Designate carries full responsibility for an Accounts Department of ten staff, headed up by the Company Accountant. Due to the characteristics of the business, the position will require extensive liaison with the marketing, operating and purchasing functions, as well as an involvement in developing the company's acquisition policy.

It is essential that interested applicants hold a suitable accounting qualification and have recent exposure to the food industry or related sectors. The successful candidate is also required to be computer literate as the company is extensively computerised.

The position, which will carry full Board status within six to twelve months, offers an attractive salary package including a profit share scheme and fully expensed car. A share option scheme is currently under negotiation.

For further information please send a current C.V. to Jane Griffiths at the address below, or phone her on 01-930-7850.

ROBERT WALTERS ASSOCIATES

RECRUITMENT CONSULTANTS
66-68 Haymarket London SW1Y 4RF Telephone: 01-930 7850

Finance Manager

Central London

flex c£22,000 p.a.

Our client, which is part of a large well-known group, operates autonomously in a rapidly growing market sector where it has established a strong reputation and well-respected name. As a result of both this growth and development the company is now seeking to recruit a Finance Manager. The main objective of this role will be to provide a broad financial information and advisory service to all levels of company management and directors, as well as interface with the wider Group.

- The specific responsibilities of the role include:
- Production of monthly reports and results.
 - Preparation of forecasts and budgets, and input into long-term planning activities.
 - Cash flow control and reporting.
 - Supervision of financial accounting activities (including involvement in the preparation of statutory accounts).
 - Further development of management accounting systems.
 - Variety of ad hoc tasks.

The position leads a team of 8 staff, and will involve considerable interface with non-financial management. Hence it is important that applicants be able to demonstrate a mature personality with strong communication skills. The continuing growth of the company and the resulting increased complexity of the role will require initiative and a flexible approach.

It is likewise necessary that the successful individual can demonstrate good development potential and promotion material. The salary package indicated is dependent on these qualities as well as experience to date.

If you are interested and feel that you are suitable for the above position, please telephone Karen Wilson BA, ACMA on 01-439 6911 or write to her enclosing your CV and a note of current salary at: Financial Management Selection, 21 Cork Street, London, W1X 1HB.

**Financial
Management
Selection**

Specialist Search and Selection Consultants



Chief Accountant

West Midlands

£18-20,000 + car

The National Home Loans Corporation plc was established in September 1985 with a £100m issue of shares and convertible unsecured loan stock.

Since then the company has invested more than £400m in UK residential mortgages. It is currently receiving new business at a rate in excess of £100m per month and has recently launched its first mortgage backed Bond.

With such substantial early growth and following internal promotion, an opportunity has arisen for a Graduate Chartered Accountant, aged 30-35, to take responsibility for the accounting function and to enhance the systems and controls in readiness for further expansion.

Reporting to the Divisional Director-Finance

the successful candidate will have a background of managerial responsibility in a service environment and a flair for the production and interpretation of financial information utilising sophisticated computer techniques. He/she will be self-motivated with a strong commercial approach and a desire to be involved in a rapid growth financial services market. In return, the company offers a substantial salary package including full relocation expenses where necessary.

Interested candidates should write enclosing a detailed curriculum vitae to John Keefe at Michael Page Partnership, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST or call him on 021-643 6255.



Michael Page Partnership

International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Manager- Risk Assessment

City

c. £30,000

Our client, a prominent and successful financial services plc, seeks to expand its management team by the recruitment of a Risk Assessment executive.

The preferred candidate is likely to be a graduate/accountant/MBA with a proven track record, together with expertise in the management and motivation of a team.

The appointment will carry the fringe benefits normally expected at this level and will include the provision of a car, mortgage subsidy, profit share etc. Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be forwarded. John Welsh, ref. JSW/B/1.

MSL International (UK) Ltd, 52 Grosvenor Gardens, London SW1W 0AW.
Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International
Executive Search and Selection

GROUP FINANCIAL DIRECTOR

Retail

Over £40,000 + car & benefits

Our clients, a fully listed and fast growing retail group, with a turnover of around £100 million, are seeking a commercially minded Financial Director. A key requirement will be an ability to contribute to the development of the group in such areas as acquisitions, the development of computerised management accounting systems and property matters.

Applicants are sought from qualified accountants who have performed successfully as Financial Director or Financial Controller of a plc. Ideally they should be aged around 35 although a "young" 50 year old would not be excluded. They must have had experience in successful dealings with treasury activities, external financial institutions, meeting statutory requirements and effective internal management accounting and budgetary controls. Experience is particularly sought in the introduction and operation of computerised accounting systems, ideally in retailing. An ability to manage foreign currency successfully would be an advantage.

Salary will depend on age and experience but includes a company car and generous fringe benefits. Assistance will be given, where necessary, for relocation to the London area. There are excellent prospects of growing with this progressive group.

Applicants should write in confidence to PERSONNEL SERVICES DIVISION, with brief details or telephone 01-498 1948 (24 hour answering service) for a Personal History Form, quoting reference B/1085.

P-E Consulting Services

40 Piccadilly London W1V 9PA Telephone: 01-409 2669

NEWLY QUALIFIED

ACCOUNTANCY APPOINTMENTS

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent PIT examinations. We propose to publish the list in our issue of Thursday, March 5, which will also contain several pages of advertisements under the heading "Newly Qualified Accountancy Appointments." The advertising rate will be £43.00 per single-column centimetre; special positions are available by arrangement at premium rates of £52.00 per single-column centimetre.

GUIDE TO

RECRUITMENT CONSULTANTS

and entries in the Guide will be charged at £65.00 which will include company name, address and telephone number.

For further details, please telephone:

Louise Hunter on 01-248 4864
Daniel Berry on 01-248 4782
Jane Liversidge on 01-248 5205
Emma Cox on 01-236 3769

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Accountancy Appointments

FINANCIAL DIRECTOR

City

c£35,000
+ Car & benefits

A N

Armitage Norton
Consultants

MANAGEMENT CONSULTANTS

Our client is an established independent financial institution in the City of London. To assist the company in moving into a new phase in its development, a Financial Director is to be appointed to be responsible for the development and implementation of the financial strategy which will form a part of the medium and long term plans of the business.

The candidate selected to fill this key role will be responsible for financial control, forecasting, treasury and company secretarial activities and will be expected to contribute significantly to the commercial management of the business in a time of change and expansion.

You should be a chartered accountant, probably in your mid-thirties, with recent experience in the financial services sector. Interpersonal and communication skills together with the ability to work under pressure are important requirements.

Initial remuneration will be around £35,000 with the potential for higher earnings. A car and other benefits will be provided.

Please apply in confidence enclosing a curriculum vitae to:

David Bannister, Reference 873,
Armitage Norton Consultants, Chancery House,
Chancery Lane, London WC2A 1QU

A national network of business services from a regional base.

FRAMLINGTON

Financial Director

Framlington Group plc would like to appoint a financial director.

The responsibilities include overall financial management of the Group, the detailed negotiation and implementation of the legal and financial aspects of acquisitions and new ventures, and compliance within the regulatory framework.

The qualifications are, we feel, as follows:

Age: 45-55. Education: Good honours degree. Either legal or accountancy qualifications (preferably both).

Experience should include periods at a senior level both in a financial services company and in a complex public company.

If you feel you fit these criteria and would like to make preliminary contact, please write to:

T.P.E. Miller
Managing Director
Framlington Group plc
3 London Wall Buildings
London EC2M 5NQ

ACQUISITION & CORPORATE DEVELOPMENT - CARDIFF

EXCELLENT FINANCIAL SERVICES REMUNERATION PACKAGE+CAR

Chartered Trust plc., one of the country's most successful finance houses, is a wholly owned subsidiary of Standard Chartered Bank, one of Britain's major international banks with assets exceeding £28,000 million.

The successful development of our business and our ambitious plans for the future have created this exceptional opportunity, which will involve:

- identifying target companies
- presenting proposals to our directors
- assisting in negotiations and integration
- other development projects

The successful candidate will be a graduate accountant/MBA with a minimum of three years' experience in acquisition and investigation work. A high degree of self-motivation and the ability to establish effective relationships at the highest levels are essential.

This post is an outstanding opportunity for an ambitious professional to make an impact in a short period of time. Career development prospects are extremely good.

The excellent remuneration package includes, in addition to a company car, a competitive salary, mortgage subsidy and profit sharing schemes and generous assistance with relocation expenses where appropriate. Cardiff is a thriving city with a fast developing commercial and financial infrastructure, offering a wide range of cultural, social and sporting facilities and close to some of the most attractive countryside in Britain.

Please apply to: Mr. P. R. Symes, Training & Development Manager,
Chartered Trust plc., 24/26 Newport Road, Cardiff. CF2 1SR.
Telephone 0222 473000 extension 2120



Chartered Trust

A member of Standard Chartered Bank Group

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, BRISTOL, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Group Financial Controller

Major Insurance Brokers

City, c £35,000, Car, Excellent Benefits

This respected publicly owned Group has major operations in the U.K., the United States and Australia. It has many and varied profit centres and the concern at Group level is for well formulated financial controls, relevant and timely information, quality systems and professional development of the finance function. The vacancy results from the promotion of the present Controller to a senior general management role. Reporting to the Group Financial Director, the successful candidate will lead a small team engaged in the detail of the above and take a pro-active role in the development of the Group and the measurement of current performance and plans. Candidates will be experienced in group operations using advanced EDP systems, preferably in the financial services industry and have the authority, personality and commercial acumen to succeed in this vital position. They will have a high level of academic achievement and must be qualified accountants, probably with professional or consultancy exposure. Expected age is mid-thirties. Benefits are excellent and include profit share.

J.L. Duff, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-734 6652. Ref: 18142/FT

Group Treasurer

Financial Services Group

City, c £35,000, Car, Profit Share

The profitable deployment of nearly £100 million on average in sterling and foreign currency makes a significant contribution to the overall results of this major, well known and long established group. The Treasurer's position has a high profile and is responsible for a small team, recommending policy and ensuring that advantage is taken of short, medium and long-term conventional and new investment opportunities giving high return at low risk. Sophisticated hedging strategies for interest rate and foreign exchange exposure must be developed. Candidates should be aged 30-40 and be able to show a positive career record in the treasury function in an industrial, commercial or finance house environment. Vital personal qualities include drive and creativity to achieve and sustain the best results in volatile markets. Conditions and benefits are excellent.

J.L. Duff, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-734 6652. Ref: 18143/FT

Chief Accountant

West Midlands, c £23,000, Car

A large manufacturing company with an annual turnover of £100m is looking for a Chief Accountant to make a major contribution towards the management and future development of the company. The successful candidate will be responsible for the complete accounting function, with a substantial central support team and management accountants based in locations throughout the UK. The job therefore involves a substantial amount of man management, as well as instigating computer based systems. The need is for an imaginative, proactive, qualified professional, probably in the 30-35 age range with a track record in manufacturing industry and experience at senior level in all the key accounting functions. The company is successful and has ambitious plans for the future. The position is demanding and offers excellent prospects. The package is attractive and includes a company car and BUPA. A relocation package is also negotiable.

C. Pritchard, Hoggett Bowers plc, Albany House, Hurst Street, BIRMINGHAM, B5 4BD, 021-822 2961. Ref: B16001/FT

Financial Director

Mechanical And Electrical Equipment

South Cheshire, c £20,000, Car

Highly export orientated, this specialist engineering company with an annual turnover of £10m+ is part of a major British Group. As part of the Executive Management Team and reporting to the Managing Director, this key role offers the opportunity of both controlling the financial affairs of the company and setting in its future growth strategy. Key accountabilities will include financial and manufacturing systems development, export finance, contract negotiation and all accounting reporting and general administration. The demands of the position require the talents and experience of a qualified accountant, aged 28-35, ACMA or ACA, preferably a graduate with several years' relevant manufacturing experience, essentially gained within an engineering environment. Experience of computerized systems is essential with a knowledge and involvement in the wider business areas being paramount to success. The international and commercial involvement of the role will ensure personal development. Opportunities and benefits within the Group are considered excellent.

G. Sable, Hoggett Bowers plc, St. John's Court, 78 Carlisle Street, MANCHESTER, M3 3EL, 061-832 3500. Ref: 29659/FT

Group Financial Accountant

- Offering Invaluable Experience

South Yorkshire, c £16,000, Car, Pension

Our client, a substantial public group, manufactures and distributes a range of food products worldwide. From an exceptionally sound base the Group is poised to take advantage of the many opportunities which will arise during the year ahead. This position requires a qualified ACA, aged 25-29 years with 2 years' post qualification experience gained outside the profession, to join a Group team at Head Office. Reporting to the Group Financial Controller, prime responsibilities will be weekly management, statutory and consolidated accounts, group treasury function, foreign currency and daily cash monitoring. Ideally from a prestigious professional office, the successful candidate will have a flexible, outgoing personality, the ability to command respect and the communication skills to liaise at all levels. Some travel will be necessary. Conditions and benefits are excellent.

A. Hill, Hoggett Bowers plc, Bank House, 200 Queen Street, SHEFFIELD, S1 2DW, 0742 781241. Ref: S12001/FT

These positions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

City Financial Pioneers

With the reorganisation for Big Bang now complete, this foremost London-based financial organisation will forge ahead with systems development and major projects this year. Talented individuals aged 24-30 who take up key posts now will enjoy exceptional opportunities to develop their careers.

Management Accountant to £22,000

Add your ACMA/ACCA qualification, the weight of your commercial experience and your communication skills to a high-flying young management accounting team. Take complete responsibility for management accounts in the Property Services Area liaising with senior management on financial and business planning, acquisitions and systems development. You will be dealing with estate surveyors on cost control and pricing so an engineering environment background is useful.

Internal Auditors to £18,000

The Audit Services Division is expanding and offers tremendous potential. The audit responsibilities are strictly non-routine and give perfect scope to develop an understanding of the working of the organisation. An ideal first move for an ACA, recently qualified with a large or medium firm.

Telephone or send curriculum vitae to:
Steve Greenwood or Maggie Love

LOVE + TATE
APPOINTMENTS

01-263 0111 70 OLD BROAD STREET LONDON EC2

Controller/ Treasurer

W. Essex
c. £25,000 + car

Significant specialist manufacturing and marketing plc seeks Controller/Treasurer, whose brief will extend beyond central control and performance reporting to include statutory accounting and the treasury function. There is considerable scope for personal contribution via improved control and information during a period of accelerated growth.

Candidates must be qualified accountants aged over 27. Experience of modern central reporting and forecasting in a demanding environment is essential. Treasury exposure is desirable. Salary to £24,000 plus generous bonus scheme and prospects should be excellent.

For a full job description, please write to George Wakely at John Courts & Partners Ltd, 104 Marylebone Lane, London W1M 5PU, demonstrating your relevance clearly and quoting 3013/FT. Both men and women may apply.

JC&P

Management
Selection and
Search

London, Milton Keynes, Northwich

INTERNAL AUDIT

c £17,000-25,000+car

Are you a recently qualified Accountant/or possess Internal Audit experience/or have Computer Audit experience with data-base systems? If so, we have a variety of excellent positions available in National and International companies based in London and the Home Counties.

Please telephone

Alan Jacobs on 01-583 1661
or send c.v. in confidence to:

ASB RECRUITMENT
50 Fleet Street, London EC4Y 1BE

Corporate Development Executives

The ideal candidates to join this young and dynamic team will have some relevant experience but will primarily be self-starters with confident personalities who are prepared to work hard for the advancement of their careers.

The remuneration package will be in the range of £16,000 to £25,000 but tailored to the skills and experience of the successful candidates.

Please telephone Ken Taylor on 01-831 2345 or write to him enclosing your career details.

Moore & Rowland, Chartered Accountants,
Clifford's Inn, Fetter Lane, London EC4A 1AS.

**MOORES
&
ROWLAND**
Chartered Accountants

also at: Bury St. Edmunds, Cardiff, Chelmsford, Colchester, Croydon, Edinburgh, Epping, Hertford, Hove, Kingston upon Thames, Manchester, Northampton, Reading, Sevenoaks, Walsall

Accountancy Appointments

THURSDAYS. ACCOUNTANCY APPOINTMENTS

GENERAL/FINANCIAL APPOINTMENTS

WEDNESDAYS.

Project Financing

A Senior Treasury role with a £billion company
up to £40k+car+enviable prospects

Our client is a company with interests across the world in areas including property and development, engineering and construction and hotels, shipping and aviation. The organisation is strengthening its financial function to equip itself for the future. In particular a high calibre Corporate Treasury will provide for the maximum success of projects throughout the company's divisions.

This could be your opportunity to demonstrate many of the up-to-date project financing skills you have gained, either with a major corporation or financial institution. The company will be more than interested if you are of graduate calibre and a fully qualified professional with a successful track record in the world of corporate finance.

Highly developed interpersonal and persuasive skills are a prime requirement with sound analytical skills and demonstrable ability to gain acceptance for new financial techniques.

Probably in your late 20's or

early 30's you will be an impressive negotiator, with a wide range of contacts within financial institutions.

The London Headquarters environment should provide an exciting setting for your talents. As a member of a small, close knit treasury team, you will be reporting to the Group Treasurer and fully exposed to senior division executives. You can expect enviable career development opportunities to stem directly from your noticeable contribution to the company's bottom line. Rather than be a departmental empire builder you'll be looking to become a major influence in steering a large organisation.

Please write enclosing a copy of your c.v. to: John Faith at Austin Knight Selection, Limited, 17 St. Helen's Place, London EC3A 6AS, or telephone him on 01-628 5021 or (01-256 6925 evenings/weekends) for an initial discussion. Please quote reference 219/JF/87.

Austin Knight Selection

FINANCIAL CONTROLLER

Central London

Up to £25,000 + car

Due to continuing expansion, a major international publishing group requires an experienced accountant to take overall responsibility for the firm's financial functions in the UK.

The Financial Controller will be expected to:

- produce timely, relevant and accurate management information;
- supervise the accounting functions of the UK subsidiaries, which publish weekly and monthly magazines;
- further develop existing computerised systems;
- bring the systems of new acquisitions into line with group requirements.

Candidates should be qualified accountants between 30 and 45 years of age with an understanding of computerised accounting systems and experience of managing a small accounts department. A background in publishing or a similar environment would be an advantage.

Please send a comprehensive career résumé, including salary history and daytime telephone number, quoting ref: 2746 to G. J. Perkins, Executive Selection Division.

Touche Ross
The Business Partners

Thames Inn House, 3/4 Holborn Circus, London EC2N 2HB. Telephone: 01-333 7361.

ACCOUNTING IN THE CITY

CHIEF ACCOUNTANT
to £35,000+ benefits

As a qualified accountant aged (28-34) with previous experience in a financial services organisation you will head up the accounting function and pioneer systems development within a substantial international banking group operating in securities, real estate and long term loans. Ref SW0358

HIGH PROFILE AUDIT
to £25,000+ bank benefits

Active in banking, broking and leasing this major group seeks a recently qualified individual who would like to gether invaluable long term career experience in depth and breadth throughout all major world financial centres. Ref RS0362

Please contact Sarah Wainman, Telephone: 01-258 5041 (out of hours 01-881 5883)

VENTURE CAPITAL EXECUTIVE
c.£30,000+ substantial benefits

A challenging opportunity exists within a newly created team of a prestigious merchant bank. You will be a young ACA with a record of success in a venture capital/corporate finance environment. Ref NP0334

MANAGER, ACCOUNTING
to £25,000+ bank benefits

The securities arm of an international banking group seeks a recent ACA with financial sector experience. You will be responsible for financial accounting and reporting, and be well placed to progress into banking operations. Ref FW0353



Management Personnel
Recruitment Solutions & Staffing
10 Finsbury Square, LONDON EC2A 1AD

Investment Research (Chartered Accountant)

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Printemps takes agreed 10% stake in Redoute

By George Graham in Paris

LE PRINTEMPS, the major French department store chain, has taken a stake of more than 10 per cent in La Redoute and plans to work with the mail order group in future developments.

The stake was acquired with the agreement of the La Redoute management. Mr Jean Jacques Delort, Printemps chairman, will join La Redoute's board.

The announcement clears up weeks of speculation over the future of La Redoute, whose share price had climbed rapidly since the new year amid takeover speculation. Le Printemps was among those named as potential hostile bidders.

La Redoute's share price fell at the beginning of this week as dealers concluded that the company had reached an agreement with the presumed raider.

Yesterday's announcement reawakened dealers' expectations of an eventual bid for La Redoute, this time agreed. A hostile bid had never appeared likely to succeed since the founding Pollet family, including Mr Patrick Pollet, chairman, controls together with the Société Générale and Worms banks more than 40 per cent of the capital and more than 80 per cent of the votes.

Le Printemps said its activities were complementary with those of La Redoute and that the acquisition of the 10 per cent stake was in line with the group's development from its base of Printemps department stores and Prisma supermarket into other retailing areas.

The group has diversified into specialist clothes retailing, food, wholesale and discount food stores, as well as raising its stake in the Euromarché supermarket chain.

Consolidated profits in 1986 showed a marked improvement from the previous year, Le Printemps said yesterday.

Halliburton suffers sharp setback

By Our Financial Staff

HALLIBURTON, diversified US group with interests in oilfield services, construction and insurance, reported sharply higher losses at the end of 1986 following a \$488.7m writedown on operating assets and related investments. However, the group's chief executive, Mr Thomas Cruikshank, said "the worst may be behind us."

Losses for the year were \$515.2m, or \$4.85 a share, against a loss of \$339.3m, or \$3.12 for 1985. The previous result included a \$368m charge for a South Texas nuclear project lawsuit. Revenues slipped to \$688.3m from the 1985 quarter's \$1.2bn.

Mr Cruikshank warned that the downward trend could continue for the beginning of this year because of seasonal factors and the weather. However, he added: "If oil prices continue to hold near or above current levels, noticeable improvements in markets and results should occur later in the year."

Revenues were lower at \$3.5m compared with \$4.8m a year earlier. In the fourth quarter Halliburton earnings fell to \$3.4m, or 5 cents a share, against \$16.8m, or 16 cents a share. The year-ago total included a \$40m charge for the South Texas nuclear project lawsuit. Revenues slipped to \$688.3m from the 1985 quarter's \$1.2bn.

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Fermenta seeks trading halt

By Kevin Done, Nordic Correspondent, in Stockholm

FERMENTA, the scandal-beset Swedish chemicals and antibiotics group, yesterday requested a stop in the trading of its shares on the so-called "unofficial market" in Stockholm until further notice.

Fermenta is negotiating with a group of between 10 and 15 institutions and companies for the injection of new equity capital amounting to at least SKr 150m (\$23m) as part of a financial rescue package and is concerned about the leakage of selective information.

Fermenta shares were trading on Tuesday at SKr 27.50 (B restricted) and SKr 36 (B free). Details of the equity issue are expected to be released next week.

A group of four Swedish banks, Göteborgs, Svenska Handelsbanken, Nordbanken and PKBanken agreed last week to provide SKr 110m in new loans and to grant a moratorium on existing loans total-

GERMAN SPORTS CAR GROUP HIT BY FALL IN DOLLAR

Porsche suffers sharp reverse

By Andrew Fisher in Stuttgart

PROFITS of Porsche, the West German luxury sports car maker, which is heavily dependent on the US market, went into sharp reverse last year because of the dollar's decline.

Net income fell from DM 120.4m (\$86.8m) to DM 75.3m in the year to July 31, 1986. A further decline is in prospect for 1986-1987, Mr Heinz Brantitzki, finance director, said.

"Our business will become harder," he said this week, "at a time when we had the wind blowing in our faces."

Of the 53,290 cars sold in 1985-1986, 54 per cent went to the US. The average dollar rate in the period was DM 2.40 against DM 3 in the previous year, thus reducing the value of turnover expressed in German currency.

The present dollar level of just

over DM 1.80 was "competitively distorting," said Mr Brantitzki, who felt a rate of around DM 2.20 would be more appropriate. Porsche has recently raised US prices to offset some of the effect of the lower dollar.

Analysts noted that profits of companies like Porsche, which received a boost when the dollar was strong, were now settling back to more normal levels. The Stuttgart-based group is the first German car maker to report its 1986 results.

For 1986-87, Mr Brantitzki forecast a further drop in net income to between DM 50m and DM 70m. This would still enable Porsche to maintain a consistent dividend policy, he said.

The dividend 1985-1986 has been set at DM 16 for the quoted preference stock and DM 15 on the ordinary shares held by the controlling Porsche and Piech families. This is

back to the 1983-84 level, since the 1984-85 payment included a DM 2.50 bonus for both categories.

Mr Brantitzki said turnover in the first half of the current financial year had slipped by 6 per cent to DM 1.7bn, with unit sales down by 4.3 per cent to 25,300 cars. Last year, turnover was DM 3.8m, up 12 per cent, with unit sales 8 per cent higher at 53,250.

Turnover this year would probably be around DM 3.5bn, he said. Each drop of one pfennig in the dollar's value took some DM 8m off revenues, with the currency-induced impact in 1985-86 totalling nearly DM 500m.

But Porsche would continue investing heavily, at a rate of between DM 250m and DM 300m a year, to keep its models up to the latest standards. This was coming entirely out of its own resources.

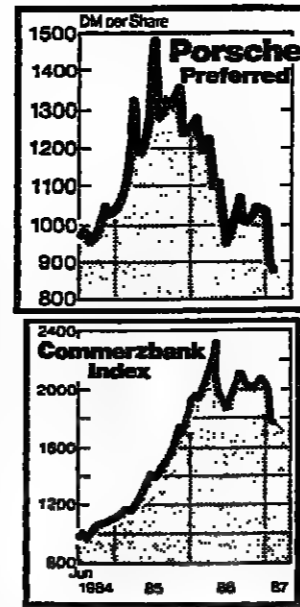
Porsche's share price, which has

underperformed the market over the past year, slipped yesterday from DM 870 to DM 840. "Porsche is entering a new phase," said Mr Stephen Heitman, European motors analyst with UK stockbroker Phillips and Drew.

For the current year, he is estimating a further slide in earnings per share to around DM 60, with a probable steady state at this level in 1987-88.

Because of tax changes in the US, Porsche saw an upsurge of sales there in the few months to December before these came into effect. Thus the US share of unit sales has been running at 63 per cent, a level Mr Brantitzki expected to settle down to around 60 per cent for the full year.

The domestic scene has been weaker for Porsche. "It is a very competitive market," he said. The company is reducing output of its



GEC cuts back on shareholding in Westland

By Nikki Tait in London

GENERAL Electric Company, the UK electronics group, has reduced its shareholding in Westland, the helicopter company which was at the centre of political storm last year, to 5.77 per cent, or 4.79m shares. Last December, its stake stood at 6.97 per cent.

Yesterday, Westland and GEC declined to comment on the reasons for the sale, although Westland said it had been aware of the disposals. Lazard Brothers, Westland's advisers, said it believed the shares had gone to one or two institutional buyers.

At yesterday's annual meeting of Westland, Sir John Cuckney, chairman, also revealed that Mr Alan Bristow - who acquired an interest in the company in an attempt to halt the Sikorsky/Fiat rescue - had continued to reduce his holding of both shares and warrants in the

company and now has a minimal interest.

GEC, which was originally a member of the European consortium offering a rival rescue to the ultimately successful Sikorsky/Fiat deal, acquired the bulk of its stake from Mr Bristow, the former helicopter operator last April.

It paid Mr Bristow about 80p a share for 5.2m shares after he had bought a similar-sized stake at 100p the previous January. Mr Bristow retained a stake of about 7 per cent.

GEC yesterday declined to disclose the price at which it sold but Westland shares closed unchanged at 91p suggesting a small profit on the stake.

Mr Bristow reduced his stake below the disclosure level at the end of the summer and by the end of 1986 it stood at about 1.4 per cent.

Capital Cities/ABC up by 28% at year-end

By William Hall in New York

CAPITAL CITIES/ABC, the media conglomerate formed last year after Capital Cities' \$3.5m acquisition of American Broadcasting Companies, increased its 1986 net income before extraordinary items by 28 per cent to \$181.9m, or \$1.12 a share.

The group had warned earlier this year that it expected its 1986 earnings would decline from the \$142.2m or \$1.07 a share, earned in 1985 to between \$71 and \$8 a share because of the relatively weak demand for network advertising and

its decision to reduce shares at the ABC television network. The group's better than expected performance was helped by a more than doubling in fourth quarter net income to \$80.2m, or \$4.50 a share. The group said that, excluding the effect of purchase price accounting, the ABC television network reported a substantial operating loss in

1986. However, the company's TV stations, radio networks and ESPN reported earnings ahead of expectations.

The group said the business outlook in 1987 continued to be uncertain, despite the better than expected results achieved in 1986. The softness in demand for national advertising, especially for TV network and consumer and business publications, is expected to continue for the foreseeable future.

As a result of these modest revenue growth expectations, together with higher programming costs and the disappointing ratings levels at the ABC TV network, the company anticipates that earnings improvements in 1987 will be constrained.

Final net earnings emerged at \$447.1m last year after an extraordinary gain of \$265.7m from the sale of certain broadcasting properties.

US utilities 'set to diversify' if controls ease

By Andrew Baxter in London

A RASH of diversification by US utility companies would be likely if more states relaxed their regulatory control of the sector, Mr Don Gevirtz, chairman and chief executive of the Los Angeles-based Foothill Group, said.

Foothill, the largest independent commercial finance company in the US, is 22.4 per cent owned by Tucson Electric Power of Arizona, which bought into the company last year. The purchase was part of a trend which has seen several much larger investments by utilities in financial services groups.

Mr Gevirtz said in London this week that the utilities were awash with cash, now that expansion of nuclear capacity had come to a halt and falling energy consumption was reducing the need for new investment. "Most of the utilities don't know what to do with their money," he added.

Tucson can buy up to 30 per cent of Foothill, but must bid for the whole company if it wishes to go beyond that. The present stake allows Tucson to account for the position on an equity basis. Mr Gevirtz said such deals represented an opportunity for utilities to put their money to work.

He said the deal gave Foothill the financial backing to increase the size of individual loans from a present maximum of about \$12m.

The company's activities include providing alternative sources of financing for corporate restructurings and leveraged buyouts in small and medium-sized concerns.

Mr Gevirtz said the pace of such diversification by utilities would depend more on the attitudes of regulators than on the strategic objectives of the utilities themselves. Relaxation of rules governing the state-regulated power industry could also produce the first unfriendly takeover bids for utilities, he said.

PLM hit by earnings fall
By Our Stockholm Correspondent

PLM, the Swedish packing group, reported a 13.3 per cent fall in earnings (before allowances and taxes) to SKr 141.7m (\$22m) in its preliminary report for 1986.

Invited sales in 1986 amounted to SKr 4bn, an increase of 11 per cent on the previous year's figure of SKr 3.6bn. Overseas orders accounted for 62 per cent of sales.

The PLM glass division increased its earnings (before financial items) by 37 per cent to SKr 75.7m, chiefly due to the operations in the Netherlands and West Germany. Its Swedish glass operation is being restructured to cut capacity by 20 per cent in 1987.

The PAC division, which makes drinks cans, showed an 11 per cent fall in earnings at SKr 58.2m. PLM will install a new production line at its Fosse plant in order to increase capacity by about 30 per cent. The new line is due to start working at the beginning of 1988.

Allis-Chalmers spells out Swedish plans

By Sara Weer, Stockholm Correspondent

ALLIS-CHALMERS, the deeply-troubled US manufacturer of heavy process plant, will use its Swedish subsidiary, Svedala-Arba, as the core for a new company specialising in the manufacture of crushing and screening equipment and air quality-control products.

Svedala-Arba, based near Malmo in southern Sweden, will take over Allis-Chalmers' global crushing and screening equipment business and will form a new company consisting of 40 to 50 separate subsidiaries worldwide, renamed Svedala Allis.

The new company will have an estimated turnover of between SKr 2bn (\$310m) and SKr 2.4bn. About a third of the total turnover is due to come from Svedala-Arba's operations, making Sweden an obvious base for the new company. Out of a

total workforce of 5,500, about 1,200 will be based in Sweden.

A year ago, Allis-Chalmers asked its Swedish subsidiary to explore the possibility of expanding its business interests in Europe, where Svedala-Arba has 10 subsidiaries.

The Swedish company is strong on market organisation in Europe and has research and development activities in Sweden and abroad. Last year, sales totalled SKr 710m and profits after financial items were SKr 42m.

Svedala-Arba specialises in equipment for crushing and screening used by the mining industry worldwide and for road construction. This area accounts for about 90 per cent of sales.

Its subsidiary, Sala International, makes mills, pumps and preparation equipment for the mining industry.

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KEY FIGURES - SEPTEMBER 1986		
(Millions of Turkish Lira)	Sept. 30 1986	June 30 1986
Cash and due from banks	61,196	42,656
Loans, net	87,591	65,415
Total assets	204,211	154,970
Deposits	100,292	78,470
Funds borrowed from banks	44,586	30,976
Shareholders' equity	13,289	10,117
Total Liabilities and Shareholders' equity	204,211	154,970

For September 30, 1986 Financial Statements please contact Arthur Wilkinson, Assistant General Manager, Iktisat Bankasi, Buyukdere Cad. 165, Esentepe, Istanbul, Turkey. Telephone: 172 7000. Fax: 172 3071. Telex: 27685. Branches at Istanbul (8 branches), Ankara, Izmir, Bursa, Adana, Mersin, Gaziantep, Denizli, Iskenderun, Samsun, Ordu. Visa-Change offices in Grand Bazaar, Taksim (Istanbul), Kusadasi, Bodrum, Marmaris, Cappadocia, Antalya.

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February 1987

INTERNATIONAL COMPANIES and FINANCE

CBS hit by broadcast downturn

BY WILLIAM HALL IN NEW YORK

CBS, the broadcasting and entertainment group, reported a 78.4 per cent drop in the operating profits of its broadcasting operations in the final quarter of 1986. Net income from continuing operations fell 37 per cent to \$40.9m, or \$1.81 per share.

The group's latest figures would have been considerably worse had it not been for a strong profit performance by CBS Records.

They underline the problems CBS faces in restoring the profitability of its traditional broadcasting operations, which two years ago were contributing more than two-thirds of group operating profits and accounting for well over half of group revenues.

For the full year, CBS's income from continuing operations fell by 1 per cent to \$189.8m, or \$7.54 per share. The performance at the net

level was much better, reflecting the gain on the sale of CBS educational and professional publishing operations.

This contrasted with the 1985 losses associated with the discontinuance of the company's toy, theatrical, film and home computer software operations.

After crediting various gains the group earned \$375.1m, or \$15.42 per share in 1986 compared with \$274.4m, or \$11 cents, in 1985.

Mr Laurence Tisch, the New York financier who was confirmed as chief executive of CBS last month and is its biggest shareholder, says that "1986 was a year of significant change for the television industry and CBS in particular. The persistent weakness in the national advertising economy took a heavy toll on our television network."

During the year CBS had taken steps to address the difficult business environment, particularly in terms of refocusing and reducing the organisation, directing operations not critical to the core media and entertainment business and writing down assets.

These were "necessary measures which will set us on a sound basis for dealing with what we expect to be a less than ebullient advertising environment in 1987."

The asset sales in conjunction with the group's own cash flow enabled CBS to reduce its debt from more than \$1.2bn at the end of 1985 to less than \$700m at the end of 1986.

The group's cash position increased from \$120m to more than \$350m over the same period, largely counterbalancing the remaining debt.

Citibank boosts retail presence in California

BY OUR NEW YORK STAFF

CITICORP, the big New York-based banking group, has significantly expanded its retail banking presence in California, the biggest banking market in the US, by acquiring 50 savings bank branches from Sears Roebuck, the retailing and financial services conglomerate.

Sears' Dean Witter Financial Services Group announced that it had agreed to sell 50 of its Sears Savings Bank branches in California to Citicorp Savings, Citicorp's fast-growing savings and loan subsidiary which has deposits of \$4.1bn and 93 branches in California.

The Sears branches, which have deposits of \$2bn, will give Citicorp a presence in the important Southern Californian retail banking market.

Citicorp, which has been expanding its retail banking operations rapidly in recent years, is anxious to increase its penetration in the Californian market, the home of BankAmerica, its troubled West coast rival.

Because of restrictions on inter-

state banking, commercial banks such as Citicorp are barred from taking over their counterparts in California, and its 1982 acquisition of the ailing Fidelity Savings of San Francisco was the only way it could enter the market.

Citicorp's Californian savings bank operation has been losing money, but the group said the acquisition of the Sears branches should hasten its return to profitability.

Mr John J. Dettlerick, Sears Savings Bank chairman, said the decision to sell the branches was consistent with Sears' "strategic direction to provide consumer banking products and services through non-traditional distribution channels."

Sears planned to conduct more activities through direct mail, Discount Centers. After the sale, Sears Savings banks will have locations in Sears Financial Network centres in most markets where the traditional offices are located.

Honeywell slides into \$398m loss

BY ANATOLE KALETSKY IN NEW YORK

HONEYWELL, the US electronics company which last year spun off most of its computer business into a joint venture with NEC of Japan and Bull of France, lost \$398m, or \$8.83 a share, after tax in 1986, after previously-announced net charges of \$584m.

In 1985, it made a net profit of \$282m, or \$6.18 a share. In the fourth quarter, when the charges were concentrated, Honeywell lost \$498m, or \$10.94 a share, compared with profits of \$127m, or \$2.78, a year earlier.

However, with all the major restructurings now over, Mr Edison Spencer, chairman, forecast a profit which would "exceed \$5 a share" in 1987, and a "double digit percentage improvement in earnings" beyond that.

The transaction with NEC and Bull would probably be completed towards the end of the current quarter and the cash received from it would be used to pay off debt.

Interest costs would thus be reduced substantially reduced from the second quarter of this year onwards.

Year-on-year earnings comparisons should be "about flat" in the current quarter and would "improve substantially as the year goes on."

The 1986 results included an after-tax profit from continuing operations of \$13m, after net charges of \$134m for streamlining and restructuring and \$42m for inventory write-downs.

Mr Spencer said that Honeywell had now repositioned itself as a leader in all three of its major businesses.

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1. Rate of Interest: 6% per annum
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	Weekly	12 Months	12 Months
	Change	High	Low
US Dollar	8.471	-0.200	10.113
Australian Dollar	14.430	0.097	14.587
Canadian Dollar	9.634	-1.372	11.704
Euroguilder	6.158	-0.774	6.314
Euro Currency Unit	8.640	-0.381	9.476
Yen	5.940	1.618	4.322
Sterling	10.660	-1.497	11.689
Deutschmark	6.105	-1.198	6.771

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11th February, 1987



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Merrill Lynch Capital Markets

January 1987

INTERNATIONAL COMPANIES and FINANCE

Maggie Ford looks at pressures on an expanding stock exchange
Free market dilemma for Korea

FOR THE South Korean Government, free market forces are a double-edged sword. Under pressure from the US, from foreign banks and investors and even from some of its own companies to open the stock market to outsiders, many officials can only shudder at the potential loss of control.

At the same time they are aware that the country's underdeveloped financial institutions must grow, along with the booming economy, if the country is to take its place as a mature industrial nation on the world stage.

Their concern at present is focused on a deadline: October 19 this year. On that day, holders of the Samsung Electronics \$20m convertible Euro-bond, issued in December 1985, expect to be able to convert the bond into shares in the company listed on the Korea Stock Exchange.

Foreign investors are so keen to be well placed when the market is opened that the bonds are at present trading at a premium of around 55 per cent. With a price/earnings ratio of around 11 and substantial growth in prospect, the market is viewed as likely to be one of the most profitable.

Companies' profit growth is expected to be in the 20 to 30 per cent range, the inflation rate is running at only 1 to 2 per cent and the likely appreciation of the South Korean Won this year by about 5 per cent makes investment look even more attractive.

Officials at the Ministry of Finance are well aware of the

heightened expectations abroad. And South Korea's excellent export performance last year has only increased their misgivings about the wisdom of allowing foreigners a free rein. Mr J. K. Choi, deputy director of the ministry's securities division, points out that the capital inflow caused by South Korea's trade surplus last year

steadily increasing) to the weak competitive position of securities houses, and to the small number of investors in the market. The market has shown steady growth over the past few years, marked by periods of volatility. The composite stock price index stands at 317, up from 160 a year ago. Analysts believe that

that the Government would be much more relaxed if liberalisation could wait until then.

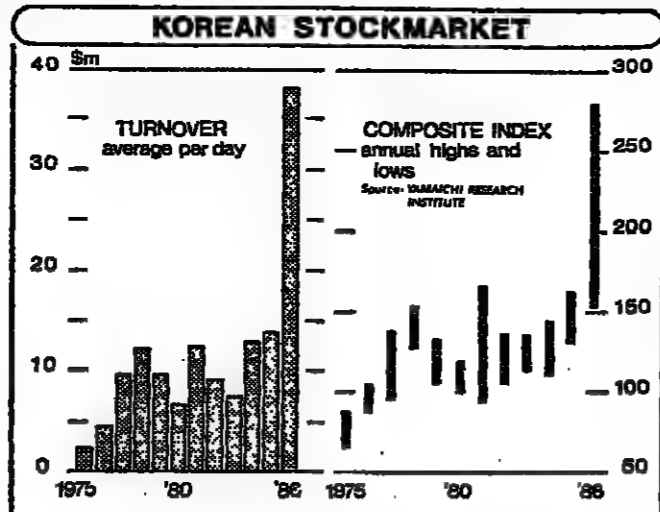
A number of practices, such as making rights issues at par value rather than nearer to market price, are gradually being changed in advance of deregulation, but others, such as foreign exchange controls, remain firmly in place.

Meanwhile, companies are queuing up with requests to issue convertible bonds. The Government has allocated between \$100m and \$150m in funds this year. The Korean Eurofund, to be issued in March or April and listed on a European stock exchange, will take up \$30m of the allocation.

Ten or 12 companies are deemed eligible for the privilege, according to ministry officials. The bonds are an attractive way to raise finance for companies compared with local borrowing at 12 per cent.

If foreign enthusiasm for the Korean market continues at a high level, and the Government restricts the level of bond issues to \$100m this year, the premium on the bonds already issued is likely to rise. This would make conversion a less attractive option for investors other than those who bought bonds at the issue price.

But for the South Korean Government, the question of expectations is paramount. At all costs, it wants to avoid tarnishing its bright economic image with a reputation for unreliability. Investors will probably have to wait until just before the October deadline to discover what its plans will be.



is already causing money problems which could be inflationary. An inflow of foreign investment capital could threaten economic stability.

But it is the market's readiness to cope with foreign investment that is causing most concern. Officials point to its small size (356 companies are listed and the number is

the Government may feel that a figure of 400 will be the appropriate level of liberalisation.

Over last year market capitalisation rose from W6,570bn (\$7.67bn) to W12,057bn, representing some 14.6 per cent of gross national product. By 1990, the market value is expected to have more than doubled again, and analysts feel

Singapore to ease foreign broker entry

BY STEVEN BUTLER IN SINGAPORE

THE Stock Exchange of Singapore yesterday announced plans under which foreign ownership of local broking companies may be raised to 70 per cent from its current limit of 49 per cent.

The new measures mark an important step in the internationalisation of the Singapore exchange, and come after more than half a year of intense debate among brokers and the Government over how quickly to allow greater foreign involvement.

The stock exchange committee said it "proposes to bury the past and create a positive and innovative outlook." The announcement brings the first major changes since a new committee took office in November. Announcement of the new guidelines for foreign participation is likely to spur more rapid investment in local broking houses from both foreign and domestic sources, since the future business environment now promises to be more predictable.

Hoare Govett of London and Deak Morgan of Australia have already received approval to join in local joint venture broking.

Under the new guidelines the exchange committee says it is prepared to approve raising the foreign stake in local broking firms to 70 per cent, possibly in stages, three years after the initial investment in a local brokerage.

Foreign participation will be limited to a quota of eight brokerages. In special cases

the three-year period may be shortened, or the ownership limit raised beyond 70 per cent.

In order to qualify for a lifting of foreign ownership beyond 49 per cent, the foreign business of a joint venture broking house must be at least 50 per cent of the total business volume.

The joint venture brokerage must participate actively in new markets, such as the Stock Exchange of Singapore Dealing and Automated Quotation System (Sesdaq), the new second-tier stock exchange, and must actively transfer research, dealing and marketing skills by offering training to Singaporean staff both in Singapore and at the home office.

These conditions will allow the exchange committee to retain tight control over the expansion of foreign participation in the exchange. However, the committee is now dominated by non-brokers who have expressed interest in using foreign participation to modernise the exchange, and they are unlikely to use their authority merely to protect local broking houses against foreign competition.

Several other key issues remain on the agenda for the exchange in the coming months. These include the deregulation of commissions and reform of the settlement and clearing systems to allow brokers to make more efficient use of capital. These changes, however, will affect the exchange's close relations with the Kuala Lumpur Stock Exchange, and may prove to be thorny issues.

Leighton back to profits

By Our Financial Staff

LEIGHTON, the Australian contractor 45 per cent owned by West Germany's Hochtief, returned to net profits of A\$3.1m (US\$2.07m) in its first half to December, compared with A\$14.22m losses, but has yet to restore the dividend.

Turnover grew from A\$498.78m to A\$678.78m, and the company said the current order book carried a greater proportion of work with higher margins than a year earlier.

Domestic operations fared well, with problem jobs virtually complete,

Saudi French Bank net falls

By Fim Barra in Riyadh

SAUDI FRENCH BANK, a 40 per cent associate of Banque Indosuez of France, showed a 14 per cent drop in net profits last year to riyal 94.9m (\$26.3m), after a steep increase in loan loss provisions to riyal 138m from riyal 75.5m.

Assets, however, rose 8.4 per cent to riyal 14.88bn. Deposits grew 4.1 per cent to riyal 11.15bn, while loans and advances at riyal 5.98bn were down 13.3 per cent.

The bank, the remainder of which is owned by local investors, is to expand this year with a relocated headquarters in Riyadh and three new branches.

Mount Isa Mines Limited
McArthur River Project

Mount Isa Mines Limited, a wholly owned subsidiary of MLM Holdings Limited, is seeking joint venture participation from companies or groups with proven technological expertise, financial capacity and a willingness to be associated with activities that may lead to the successful economic development of the McArthur mineral deposit known as the FYC (Fleming's Yacht Club) situated in the Northern Territory, Australia.

Discovered in 1955, the deposit measures 1.5 kilometres long by 1.0 kilometre wide and 55 metres thick containing 227,000,000 tonnes of ore of average grade 9.2% Zinc, 4.1% Lead, and 41 g/t Silver. It is located approximately 720 kilometres south east of Darwin and approximately 100 kilometres inland from the Gulf of Carpentaria.

The ore is characteristically extremely fine grained and the inherent problems of the separation of the constituent minerals are clearly recognised.

In May 1974 a decision was made to construct a 50 tonnes per day pilot plant on the mine site which included a pilot mine and infrastructure facilities to support the development work. The pilot operations were commissioned in July 1977 and operated until December 1978. A feasibility relating to the development of the McArthur Project was submitted to the Northern Territory Government at the end of July 1979.

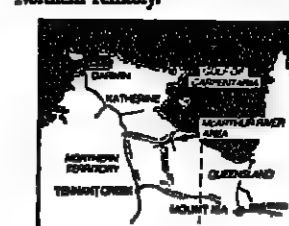
A history of the McArthur Project was published by the Australasian Institute of Mining and Metallurgy at

the Darwin, Northern Territory. Conference in August 1984. A copy of this paper is available upon request.

Since 1979 the research effort has been directed towards hydrometallurgical procedures involving both ore and concentrate products.

The company proposes to enter into discussions with selected interested groups who may be able to bring proven technological expertise, financial capacity and other relevant attributes to a joint venture formed to pursue the McArthur Project. In this respect interested companies or groups should indicate the extent of resources that they are able to apply to such a joint venture.

The map indicates the locality of the McArthur River Project area in the Northern Territory.



Companies or groups seeking further information relating to participation as a joint venture in the McArthur Project should contact:

The Secretary
Mount Isa Mines Limited
160 Ann Street
BRISBANE QUEENSLAND
4000 AUSTRALIA

India expected to put off airlines merger

BY JOHN ELLIOTT IN NEW DELHI

PLANS FOR a full merger of India's two major public sector airlines, Air India and Indian Airlines, are likely to be shelved by the Government for several years because of the problems of combining the different type of operations and of overcoming stiff staff resistance.

Instead the Government is expected to decide to create a joint holding company for the two airlines, headed by a single chairman. Some ground facilities and operations would also be combined, but the air services would remain separate,

operating as subsidiary companies. Further moves towards full amalgamation might be considered when this arrangement has been working for perhaps three or four years, according to current government thinking.

"This would be a phased programme rather than a revolutionary amalgamation of two airlines with different operational cultures," Dr Singh Sidu, secretary of the Ministry of Aviation, said in an interview.

Air India has about 17,000 staff, operating international routes. Indian Airlines, which has 20,000 staff, is the domestic-based airline but also flies to

neighbouring South Asian countries and is expanding its international operations with flights to Singapore and Dubai.

Both airlines are profitable — together producing profits of Rs 1,237bn (\$95m) last year — and Indian Airlines is expanding its domestic passenger traffic by around 12 per cent a year.

Last September Mr Jagdish Tytler, Minister of State for Aviation, revamped the two airlines' boards, introducing industrialists and other experts from the private sector to try to improve the international appeal of Air India and the efficiency and passenger service

of Indian Airlines. These appointments, which would be affected by the partial merger, expire this summer.

Reports from two expert groups set up last year by Mr Tytler to advise on the possible amalgamation, emphasised the problems and opposition involved in a full merger. As a result, the Government recently set up a task force to work out a programme for setting up a joint board which will probably be completed early next month.

This would be followed by a Cabinet decision and legislation. Combined services would possibly include ground handling, maintenance and airport buses.



Deutsche Bank Finance N.V.

£100,000,000

10½ per cent. Guaranteed Notes due 1992

unconditionally and irrevocably guaranteed by

Deutsche Bank
Aktiengesellschaft

Issue Price 101½ per cent.

S. G. Warburg Securities

Deutsche Bank Capital Markets Limited

County NatWest Capital Markets Limited

Morgan Grenfell & Co. Limited

Algemene Bank Nederland N.V.

Banque Paribas Capital Markets Limited

Baring Brothers & Co., Limited

Creditanstalt-Bankverein

Credit Suisse First Boston Limited

Dresdner Bank Aktiengesellschaft

Generale Bank

Kleinwort Benson Limited

Samuel Montagu & Co. Limited

Swiss Bank Corporation International Limited



LB Schleswig-Holstein Finance B.V.

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CIBC Limited

Citicorp Investment Bank Limited

Hambros Bank Limited

Orion Royal Bank Limited

Westpac Banking Corporation

Bain and Company

Bank Brussel Lambert N.V.

Bear, Stearns International Limited

Commonwealth Bank of Australia

DG BANK Deutsche Genossenschaftsbank

Hessische Landesbank Girozentrale

Landesbank Rheinland-Pfalz Girozentrale

McCaughan Dyson & Co. Limited

Morgan Stanley International

Nobis-Finanz International

Prudential-Bache Securities International

Rabobank Nederland

Japanese banks in LDC loan scheme

trebled its share capital to £145m with the recent issue, was also the first to cater to clients' needs with longer trading hours. While the 9-to-5 mentality still prevails in much

'BY JEM JONES IN JOHANNESBURG

A DETERIORATING crime experience and inflationary claim increases pushed South African Eagle Insurance, the short-term underwriter, deeper into underwriting losses last year. The company's premiums written increased to R359.8m (\$187.8m) in 1996 from R250.5m, but the underwriting loss deepened to R5m from R3m. Investment income increased to R24.7m from R22.1m and pre-tax operating income rose slightly to R15.5m from R15.1m.

The directors say that the fire, engineering and marine insurance business produced satisfactory results. However, the motor and accident accounts suffered from increasing crime rates and costs.

or agreement to subscribe for or to purchase, in

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national Limited

Manufacturers Hanover Limited

Yamatane Securities (Europe) Ltd.

THE CHAIR OF THE DEER EXAMINER

**Citibank, N.A.,
Citibank House,
336 Strand,
London WC2R 1HS**

...and the fact that the *de novo* mutation rate is low, the number of mutations in the genome is small. The number of mutations in the genome is small.

BY CLARE PEARSON

Reshuffle

Mr Prentice, 45, joined
mon Brothers in 1973
became a managing direct
1981.
The post of syn
manager in charge of s

ERVICE

Closing prices on February		Change on	
		day	week
GO AS	99 1/8	0	-1
GO MS	99 1/8	0	-1
GO	99 1/8	0	-1

AS	75	974	974	0	0
AS	40	964	974	0	-10
AS	30	974	984	0	+10
AS	50	1004	1014	0	0
CS	75	12074	1074	-1	-10
CS	75	12074	102	-0	+10
CS	75	12074	107	-0	+10
CS	75	12074	1074	-0	+10

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93 E	75	961	961	-01	-01
2 E	90	992	100	-01	-01
90 E	66	1011	1011	-01	-01
90 E	66	992	100	-01	-01
90 E	56	1021	1021	-01	-01
90 E	56	1031	1041	-01	-01
90 E	600	1051	1051	-01	-01

	Spread	Mid	Offer	Bid
0.0312	99.23	99.73	11.06	
94 £ 0.06	99.33	99.38	28.01	
0.05	96.46	96.46	2.01	
0.04	94.19	94.44	17.02	
0	100.27	100.37	19.02	

0.4	97.83	99.12	28.11
0.1	100.34	100.44	12.61
0	100.13	100.22	12.61
0.0312	97.97	100.09	30.62
0.1	97.37	99.44	6.02
0.4	96.33	96.51	9.02
0.1	99.23	99.33	9.02

04	196.08	96.25	10.02
0.07	97.73	99.85	14.08
0	97.86	97.96	4.82
54	97.34	97.44	5.12
91.0	97.44	97.54	6.02
0	100.01	100.07	7.01
4 97 -	97.58	97.68	28.01
01	97.68	97.78	30.01

	Gen.	Gen.			
	date	price	bid	offer	chg.
12/23	472	120	121	0	
1/24	1105	95 1/2	94 1/2	+5 1/2	
4/24	984	1327	129	0	
1/27	830	154 1/2	153 1/2	-5 1/2	
1/24	1277	125 1/2			

5/84	1109	128	129 ¹	0	-
8/85	1715	1240	242	+1	-
5/86	1600	1260	262	0	-
4/86	1819	1370	192	0	-
10/86	1990	139	141	+6 ¹	-
7/84	1990	1382 ²	184 ²	-0 ¹	-
1/85	1295	254 ¹	256 ¹	-2 ¹	2 ¹

2805	1442	2554	2574	+8¢
805	2242	2584	2584	+8¢
485	1734	1214	1224	0
Fr ..	374	1891	+127	127
01 ..	1896	1845	1454	1454

ation available—previous day's price.
 r market maker supplied a price.

Desomologated in dollars unless otherwise shown is minimum. C.dia=Data next column. Spread=Margin above six-month offered rate (above mean rate) for US dollars. C.cps=

es. Conv. price = Nominal amount of bond
Currency of share at conversion rate fixed
percentage premium of the current effective price
via the bond over the most recent price of

— *Journal of the American Medical Association*

WHOM WOULD YOU RATHER HAVE SELLING YOUR EQUITY:

A BOND SALESPERSON LEARNING TO SELL EQUITIES? OR AN EQUITY SALESPERSON WITH OVER 25 YEARS OF EXPERIENCE?

The question is not a facetious one.
With the international equity markets
booming, investment houses are scrambling
to build a distribution organization.

But what many are attempting to do
overnight by retraining bond salespeople,
we've been doing for years with a dedicated,
specialized equities sales force.

This natural ability has
given our clients unprecedented confidence in taking
an issue to market.

We have built a truly
global house. With the
power to place in traditional and nontraditional
markets alike. We are acknowledged to be a U.K. and
European expert in U.S.
stocks. And perceived by U.S.
markets as an expert in international equities.

We have been the leader for 15 years
in the NASDAQ system, where we
currently make markets in 2500 stocks.
And with our L. Messel & Co. heritage

SHEARSON LEHMAN BROTHERS

An American Express company



we have over 25 years' experience in
marketing both U.K. and non-U.K. equities.
(Currently we make markets in 350
U.K. equities and 50 non-U.K. equities.)

We offer European heritage in the
countries where we are natural citizens,
American expertise, and a proven commitment
to international markets. Notably,

we were the lead manager
of the Italy Fund and
co-manager of the
France Fund.

In sum, we have a natural
understanding of U.K.
and European businesses,
how equities can best be sold
to different cultures, and the
distribution system to provide

global placement. Our 250 equity sales-
people are located in 16 countries outside
the United States. And backing up
that distribution and research is \$2.65
billion in capital that can be committed
to market-making in your securities
and making aftermarkets as well.

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MINDS OVER MONEY.

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UK COMPANY NEWS

Reuters 39% ahead at £130m

BY DAVID THOMAS

Reuters Holdings, the international business information group, yesterday reported a 39 per cent rise in pre-tax profits to £130.1m for the year ended December 31 1986 on turnover up 43 per cent at £820.9m.

Earnings per share were up 47 per cent at 19.4p and the board is recommending a final dividend of 3.75p (2p), making a total for the full year of 5.5p (3.25p).

The results were towards the top end of City expectations and the shares closed up 6p at 626p.

Mr Glen Renfrew, Reuters' managing director, said the results were helped by sharply higher new orders, with terminal numbers up by 44 per cent, and by exchange rate movements in the second half of the year, yielding a net foreign exchange benefit for the full year of about £7m.

He added that profits would have risen more sharply, but for accelerated investment undertaken in mid-year to take advantage of buoyant conditions and favourable exchange rates.

Revenue from Reuters' European operations was up 60 per cent at £334.1m. Revenue in North America, including Rich, the communications systems company acquired in 1985, rose by 40 per cent in sterling terms, but 60 per cent in dollar terms. Asia and Australasia reported a 30 per cent increase in revenue to £148.2m. The company said sales were boosted in Japan by the release of pent-up demand for the Reuters monitor dealing service and by the strength of the yen.

Overall, operating profits rose 40 per cent to £115.6m (£82.8m). After allowing for interest receivable of £14.8m (£11.3m) and taxation of £49.4m (£38.7m),

profits were £80.7m (£54.9m). The depreciation charge was up at £80.4m (£35.2m), because of an accelerated write-off of equipment due to the introduction of a new managed data network. Investment spending rose 35 per cent to £96m.

Reuters spent £68.5m in cash and £6.5m in shares on acquisitions during the year. Mr Renfrew said Reuters expected to complete the acquisition of Instinet, the US-based automated share-dealing network, about May.

Mr Renfrew added: "We are still interested in a strategy of desirable acquisitions."

The cash position at the end of the year was £93.4m, compared with £111.3m a year earlier.

Looking ahead, Mr Renfrew said new orders remained buoyant and the outlook was generally favourable.

See Lex



Mr Glen Renfrew, managing director of Reuters.

T. Cowie revealed as Lookers stakeholder

BY DAVID THOMAS

T. Cowie, the Ford main dealer based in Sunderland, Tyne and Wear, was confirmed yesterday as the buyer of a 14.96 per cent stake in Lookers, a Manchester-based car distributor.

Charterhill, the investment holding company, announced the sale of the stake to an unnamed buyer earlier this week.

Shares in Lookers rose on yesterday's news to close at 256p, up 11p on the day, while Cowie closed at 244p, up 6p.

Lookers said its board would contact Cowie about its intentions. "But in the absence of any present information from them, the company has to view this holding as possibly aggressive and therefore unwelcome." Nevertheless, the board hoped it would be able to devote itself to the growth of the company.

Cowie made clear last year that it was on the lookout for acquisitions and held abortive bid talks last autumn with the Appleby motor dealing group.

Lookers main franchisees for new vehicles cover General Motors and Austin Rover. It recently announced record profits of £2.52m pre-tax for the year to September, compared with £2.25m the year before.

Wace doubles size via acquisition

Wace, which provides pre-press services to advertising agencies and the printing industry, has effectively doubled in size via the acquisition of Fines Graphics, a rival pre-press concern, for around £4.5m, a consideration satisfied by the issue of 6.13m new shares.

Fines Graphics, which trades under the Infuse banner, is Wace's largest competitor. In the 12 months to March 31 1986 it made pre-tax profits of £543,000 on turnover of £4.1m.

Wace estimated that taxable profits for the year to December 1986 would rise from the previous year's £224,000 to around £625,000.

Gates ups its stake in Giltrap to 16.3%

Giltrap, the New Zealand car distributor, and its associate, the New Zealand car distributor, have increased their stake in Frank G. Gates to 16.3 per cent.

Samuel Montagu, advisers to Giltrap, yesterday announced it had purchased a further 18,943 shares in Gates for its clients.

With the 5.13m bid by Giltrap for the east London-based motor dealer due to close later today — subject to a possible five-day extension — Samuel Montagu is believed to have been back in the market yesterday afternoon.

However, additional purchases are thought to have been small.

Jacksons Bourne End shares suspended

Trading in the shares of Jacksons Bourne End was suspended yesterday at 428p at the company's request, pending an announcement.

On February 5, when the company's interim period was up to 1.9p (1.4p) and the dividend is lifted to 2.25p (2p) net.

HUGHES FOOD Group has acquired 99.9 per cent of the shares of the Sea Food from the Shetland Islands Council, Highlands and Islands Development Board and Mr J. G. Davidson (ISF's managing director) for £224,276, of which £401,599 has been paid in cash to SICT and HIDE. Hughes has undertaken to offer for the remaining minority shares by March 5, 1987.

WINDSOR SECURITIES (Holdings) Channel Hotels and Properties has increased its holding to 2.52m ordinary shares (26.03 per cent).

NSG, said the terms had been changed by the restructuring which had made Apex the holding company of the Ocean Equity group and from changes in the price of oil, which had led to a revaluation of NSG's recoverable reserves.

It will now buy from Apex 25.4m ordinary shares of £40.25 par value in IOR—about 40 per cent of the capital—and certain Apex oil, gas and coal properties.

The consideration will be the issue to Apex of 27.5m new NSG shares and the payment of about £53.7m cash.

NSG will grant Apex an option to subscribe for 5m new shares of 10p for five years at an exercise price of 40p for two years, increasing by 10 per cent a year thereafter.

Intl. City disposals

International City Holdings, financial markets broker, has sold MKI Eurocircles and MKI Money Markets subsidiaries to a US subsidiary of S. and W. Beristoff for £2.25m (£2.14m), paid in full on completion on February 10.

International City acquired MKI Investment in April 1986 and the two subsidiaries have not been significant to International's group profits. They will complement Beristoff's growing interest in financial services.

The consideration included a repayment of inter-company indebtedness.

Amstrad's £71.3m profits exceed City expectations

BY DAVID THOMAS

AMSTRAD, the fast-growing consumer electronics company, yesterday reported pre-tax profits of £71.3m for the six months to the end of December 1986, more than double the £27.5m reported for the same period last year.

Sales for the first half were up 112 per cent at £272.5m (£128.3m). The results were above general expectations in the City and the share price closed up 19p at 186p.

Mr Alan Sugar, Amstrad chairman, said that both Amstrad's existing products, as well as its new ones contributed to these results.

The new low-cost personal computer, launched at the start of September, accounted for almost a quarter of sales revenue. Mr Sugar accepted that sales had not matched Amstrad's ambitious launch targets, but said that this was due to the initial problems in making enough of the machines available.

The company said that sales of its word-processor continued to be buoyant, despite fears by some observers that it might be



Mr Alan Sugar, chairman of Amstrad.

hit by the new personal computer. About 300,000 Sinclair computers, acquired last year, had also been sold.

Amstrad said that its audio and video products performed well, with the company under-estimating demand for some of its audio products.

Overall, after allowing for taxation of £20.3m (£8m) and dividend payments of £1m (£590,000), profits retained in the business were £48.8m (£19m). Earnings per share 9.34p (3.99p) and the interim dividend is 0.2p (0.1p).

Looking ahead to the second half, Mr Sugar said: "We will experience the normal seasonal pattern on our consumer-oriented products, but, despite this, the figures for the full year will demonstrate, I am sure, a most satisfactory result."

Mr Sugar said that the backlog of orders for its most powerful probably not be cleared until full personal computers would about May.

"Our new product development programme is the most aggressive upon which we have ever embarked," Mr Sugar added.

"Later this calendar year we will launch a host of computer and audio-video products to see us well into and beyond the next financial year."

See Lex

Changes at Excalibur lift share price

By Terry Povey

THE SHARES of Excalibur Jewellery, the small loss-making Birmingham wholesaler, doubled yesterday to 31.5p after it was announced that the Showell family had sold most of its stake in the company and that three of its members had resigned from the board.

An announcement by Excalibur said that Summit Holdings, a private company controlled by Mr M. Griffiths, had purchased 4.37m shares or 29.9 per cent of the outstanding capital. As of September, the Showell family owned 6m Excalibur shares and the company had net assets per share of 14p.

Mr John Showell and two other members of the family also announced yesterday that they had resigned from Excalibur's board and that Mr Griffiths had been appointed executive chairman.

Brokers commented that the main attraction of Excalibur would appear to be its stock market quotation, some cash and precious metal stocks. Over the past five years, Excalibur's shares have never surpassed 17.5p and at one period fell to as low as 6p.

Marshall (Loxley)

Thomas Marshall (Loxley), manufacturer of fireclay refractories, has agreed to purchase the business and certain assets of Stanley Refractories' casting pit hollows and ladle sleeve operation for £104m.

The consideration is to be satisfied by the issue of 899,874 new Marshall shares to the vendors. The shares will subsequently be placed for cash.

London & Northern

Jamali Al-Dahlawi Company, one of the parties behind the £80m bid for Demerger Two for London & Northern has purchased a further 50,000 shares in its target at 73.5p a share. This brings the total stake held by associates of Demerger Two to 6.1 per cent.

Dale plans full market listing

BY RICHARD TOMKINS

Dale, a Nottinghamshire-based manufacturer of hydraulic equipment for the coal-mining industry, is coming to the stock market through a full listing which will value it at £11.5m.

N. M. Rothschild is placing 3.1m shares, representing slightly more than 25 per cent of the company's total equity, at 110p a share. The £3.4m proceeds, net of expenses, will be split between Dale's four executive directors and no money is being raised for the company.

Dale's main products are powered cows, which are fitted to cutting machines at the coal face and direct coal

on to conveyors. It also supplied a range of other products such as conveyor and haulage equipment, and hydraulic jacks, valves and tools.

Most of Dale's sales—about 75 per cent in the six months to last November—are to British Coal. The company says that despite colliery closures in recent years, it has found increasing demand for its products as collieries try to improve productivity and efficiency.

The profits record is patchy, showing a many declines as increases over the five years to May 1986—partly because of the miners' strike, which hit sales in the two years to May 1985.

However, sales bounced back in the last full year. Pre-tax profits to May 1986 were £1.6m compared with £284,000 the year before.

The company says that in the current year demand for all products has increased and repair work has been making an increasing contribution. Pre-tax profits of at least £2.15m are forecast, putting the shares on a prospective P/E ratio of 5.6 after an estimated 35 per cent tax charge.

The company says it expects a listing to enhance its standing with its customers. Brokers to the issue are Pannone Gordon, with Smith New Court as co-distributors.

Blue Circle sells stake in Asland

Blue Circle Industries is selling its interest in Asland, the Spanish cement producer, for \$57.7m (£36m) to its joint venture partner, Cementa Holdings of Zurich.

Blue Circle said it would maintain its close relationship with Asland through board representation and a small shareholding.

Earlier this month Blue Circle accepted an A\$270m offer from Boral, Australia's leading building products group, for its 51 per cent stake in Blue Circle Southern Cement.

Beazer in £5.5m Far East expansion

C. H. Beazer's construction contracting subsidiary, French Kier, has acquired a 60.3 per cent stake in Franki Investment, a Hong Kong company, which it intends to use as the principal vehicle for French Kier's future contracting operations in Hong Kong and South East Asia. The stake cost it HK\$95m (£5.55m).

Beazer said it wanted to retain the benefits of Franki's reputation and local connections and therefore welcomed the continued holding of a 9.9 per cent interest in the group by the Kadoorie family. The continuing level of Franki shares held by independent shareholders would assist in maintaining its listing. Franki's turnover last year was about \$50m.

Apex Oil takes over Nth. Sea & General

TERMS HAVE finally been agreed under which an Australian company, Apex Oil, will take control of North Sea & General Oil Investments in a complicated share-swap deal.

NSG, a USM company which has had its shares suspended pending an announcement, originally reached agreement last October on the deal.

NSG, said the terms had been changed by the restructuring which had made Apex the holding company of the Ocean Equity group and from changes in the price of oil, which had led to a revaluation of NSG's recoverable reserves.

It will now buy from Apex 25.4m ordinary shares of £40.25 par value in IOR—about 40 per cent of the capital—and certain Apex oil, gas and coal properties.

The consideration will be the issue to Apex of 27.5m new NSG shares and the payment of about £53.7m cash.

NSG will grant Apex an option to subscribe for 5m new shares of 10p for five years at an exercise price of 40p for two years, increasing by 10 per cent a year thereafter.

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International City acquired MKI Investment in April 1986 and the two subsidiaries have not been significant to International's group profits. They will complement Beristoff's growing interest in financial services.

The consideration included a repayment of inter-company indebtedness.

Hickson £6.5m purchase

A maximum \$9.5m offer has been made by Hickson International for Floor Distributors and its associate Stair Tread Supply. The companies are wholesalers and distributors of floor coverings and will become part of Hickson's merchant distribution side.

Net assets being acquired at March 31 1987 will be warranted at £1.75m, and pre-tax profit for the year 1986-87 will be warranted at £700,000 on sales of £10m. Hickson's main interests are in chemical manu-

facture and timber protection. On completion, \$5m of the consideration will be payable. At least £1m will be in Hickson ordinary shares, to be retained by the vendors, while the balance will be in cash and/or shares at Hickson's option.

Remaining consideration will be in variable rate convertible unsecured loan stock 1985. It is redeemable in five annual tranches for cash and/or shares up to a maximum value of \$2.5m depending on profit performance.

COMPANY NEWS IN BRIEF

BORTHWICKS has sold the UK and ECU wheel manufacturing business of F. Whitely to Malm & Co for around £14m cash. The proceeds will be used to reduce working capital requirements and further improve the group's gearing.

WALTER DUNCAN and Goodriches purchased 747 "A" ordinary shares and subscribed for a further 48,250 "A" ordinary shares for £250,000. The company has also agreed to provide Element with a loan facility of up to £150,000 if required. On February 3, the

company sold its 70.41 per cent holding in Penarvon, a business information services concern, for £2.04m, of which £270,750 is due in 18 months' time.

SENIOR ENGINEERING Group has bought E. F. Lake (Structural Steels), Chesterfield-based maker of materials handling equipment for £50,000 cash. A further £450,000 will be invested.

HOME COUNTIES Newspapers—EMAP has acquired 35,000 ordinary shares bringing its holding to 585,187 ordinary (22.21 per cent).

WLG

Williams Lea Group

Results for Year Ending 28 September 1986

	1985 £000s	1986 £000s	
Profit before tax	1,847	3,335	+80%
Sales	22,992	30,662	+33%
Earnings per share	48.9p	100.4p	+105%

- 50% sales growth in financial printing and communications
- international computer typesetting links extended to 60 locations worldwide
- formation of Williams Lea Communications — first comprehensive office support service 24 hours a day to the City
- rapid growth in security card business — Guardian Card Systems
- extension of security printing services to include bearer bonds, warrants and coupons
- launched new company on 1 January 1987 — Gracechurch Financial Advertising
- 100 new jobs created

Copies of the Annual Report are available from the Company Secretary, Williams Lea Group, 234-248 Old Street, London EC1V 9DD

ELECTRA IN 1986

WHAT DID OUR U.K. UNQUOTED COMPANIES GET INVOLVED IN?

During 1986, UK unquoted companies in which we have invested were involved in the following transactions:

PUBLIC FLOTATION

Arlington Securities • Hornby Group • Monotype Corporation
Technology Project Service • Westbury

AGREED SALES

Ansafone Corporation • Burgoyne Alford
George Philip Holdings • Halle-Models (Holdings)
St Regis Holdings • Senews • Thermalite Holdings
Viewplan • Wrentree • Xenotron Holdings

Electra is one of the largest providers of equity finance for unquoted companies in the UK. In most cases we deal in units of £1 million and upwards. Contact Hugh Mumford, Peter Carnwath or Richard Brown for further information, at the address below.

ELECTRA INVESTMENT TRUST PLC
Electra House • Temple Place • London WC2R 3HP
Telephone 01-836 7766



WATCH THIS SPACE

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Ind. prod.	Mfg. output	Eng. orders	Retail vol.	Retail value	Unemp.	Vacs.
1985							
2nd qtr.	108.1	104.5	109	114.9	141.4	2,174	161.7
3rd qtr.	108.3	103.9	104	118.1	145.3	2,124	164.4
4th qtr.	108.4	103.6	106	118.7	177.7	2,122	168.2
1986							
1st qtr.	109.4	102.8	105	118.2	145.4	2,171	164.5
2nd qtr.	109.3	102.5	105	118.2	152.7	2,208	175.6
3rd qtr.	110.5	104.6	107	124.8	186.5	2,142	212.0
4th qtr.	109.5	103.1	107	118.5	149.9	2,295	172.1
May	107.5	102.3	108	121.7	153.4	2,220	184.4
June	110.1	104.5	108	122.9	158.2	2,222	193.3
July	110.4	104.4	108	122.5	157.9	2,219	201.1
August	110.3	104.4	108	122.5	157.9	2,219	201.1
September	110.6	105.5	112	122.3	157.7	2,123	212.3
October	109.8	105.6	108	122.3	154.7	2,145	212.3
November	110.6	105.7	108	122.3	154.7	2,145	212.3
December	110.6	105.7	108	122.3	154.7	2,145	212.3

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Investment goods	Intermediate goods	Eng. output	Metal mfg.	Textiles	Housing starts
1985							
2nd qtr.	104.3	124.1	113.1	103.6	116.3	103.2	17.3
3rd qtr.	104.7	127.7	113.5	103.2	114.9	102.4	15.6
4th qtr.	104.3	127.7	113.5	103.2	114.9	102.4	15.6
1986							
1st qtr.	103.1	122.5	115.5	102.1	111.3	102.1	14.2
2nd qtr.	104.3	127.7	114.9	102.1	111.3	102.1	14.2
3rd qtr.	105.1	131.9	117.0	103.5	107.7	102.4	15.3
4th qtr.	104.4	127.7	112.7	101.9	113.9	104.9	15.2
May	105.2	129.5	112.4	102.9	108.9	104.9	15.8
June	105.4	129.3	112.4	102.9	108.9	104.9	15.8
July	105.6	131.7	112.4	102.9	108.9	104.9	15.8
August	105.6	131.7	112.4	102.9	108.9	104.9	15.8
September	105.7	131.2	112.4	102.9	108.9	104.9	15.8
October	105.7	131.2	112.4	102.9	108.9	104.9	15.8
November	105.7	131.2	112.4	102.9	108.9	104.9	15.8
December	105.7	131.2	112.4	102.9	108.9	104.9	15.8

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance, current balance (000s); balance of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US\$bn
1985							
2nd qtr.	116.3	124.1	-440	+1,445	+1,906	106.2	14.13
3rd qtr.	116.9	127.9	-239	+1,004	+1,263	101.6	15.54
4th qtr.	116.9	127.9	-239	+1,004	+1,263	101.6	15.54
1986							
1st qtr.	116.9	127.9	-239	+1,004	+1,263	101.6	15.54
2nd qtr.	116.9	127.9	-239	+1,004	+1,263	101.6	15.54
3rd qtr.	116.9	127.9	-239	+1,004	+1,263	101.6	15.54
4th qtr.	116.9	127.9	-239	+1,004	+1,263	101.6	15.54
May	116.9	127.9	-239	+1,004	+1,263	101.6	15.54
June	116.9	127.9	-239	+1,004	+1,263	101.6	15.54
July	116.9	127.9	-239	+1,004	+1,263	101.6	15.54
August	116.9	127.9	-239	+1,004	+1,263	101.6	15.54
September	116.9	127.9	-239	+1,004	+1,263	101.6	15.54
October	116.9	127.9	-239	+1,004	+1,263	101.6	15.54
November	116.9	127.9	-239	+1,004	+1,263	101.6	15.54
December	116.9	127.9	-239	+1,004	+1,263	101.6	15.54
January	116.9	127.9	-239	+1,004	+1,263	101.6	15.54

FINANCIAL—Money supply M0, M1 and sterling M3 (three months' growth at annual rate) bank sterling lending to private sector; building societies' net inflow; HPI, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0	M1	M3	Bank lending	Building societies	HPI	New credit	Base rate
1985								
4th qtr.	2.9	17.0	12.0	+5,378	2,380	3,430	11.50	
1986								
1st qtr.	4.1	21.4	19.3	+6,288	2,220	3,775	11.50	
2nd qtr.	3.1	20.1	17.4	+6,450	1,433	7,739	10.90	
3rd qtr.	3.9	20.7	15.5	+6,438	188	8,233	10.90	
4th qtr.	7.4	14.8	13.2	+6,444	2,314	6,381	11.00	
May	4.3	27.3	25.5	+6,504	500	2,469	10.90	
June	3.9	25.7	21.5	+6,061	177	2,513	10.90	
July	3.4	25.8	20.5	+6,279	287	2,655	10.90	
August	3.7	25.6	21.5	+6,715	455	2,685	10.90	
September	3.6	24.4	17.7	+6,444	571	2,571	10.90	
October	3.3	24.5	14.1	+6,549	1,931	2,739	11.00	
November	3.4	27.5	18.4	+6,510	189	2,635	11.00	
December	11.1	-1.3	8.5	+6,585	783	2,987	11.00	
January								

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); Reuters commodity index (Sept 1981=100); trade weighted value of sterling (1978=100).

	Earnings	Basic materials	Fuels	Wholesale prices	RPI	Food	Comd. index	Sterling
1985								
4th qtr.	178.9	128.6	141.4	97.1	387.4	1,771	78.5	
1986								
1st qtr.	179.1	128.4	141.4	97.1	387.4	1,771	78.5	
2nd qtr.	184.0	125.5	145.7	95.7	349.5	1,433	70.1	
3rd qtr.	187.4	128.6	146.3	96.1	348.1	1,544	71.9	
4th qtr.	187.4	128.6	146.3	96.1	348.1	1,544	71.9	
May	188.7	129.5	145.5	95.8	351.4	1,453	74.9	
June	187.9	129.5	145.5	95.8	351.4	1,453	74.9	
July	187.9	129.5	145.5	95.8	351.4	1,453	74.9	
August	187.9	129.5	145.5	95.8	351.4	1,453	74.9	
September	188.5	129.5	145.5	95.8	351.4	1,453	74.9	
October	188.5	129.5	145.5	95.8	351.4	1,453	74.9	
November	188.5	129.5	145.5	95.8	351.4	1,453	74.9	
December	188.5	129.5	145.5	95.8	351.4	1,453	74.9	
January	188.5	129.5	145.5	95.8	351.4	1,453	74.9	

* Not seasonally adjusted.

† From January 1986 includes amounts outstanding on credit cards.

Ramar Textiles plc

INTERIM REPORT for Six Months Period Ended 28th November 1986

The Unaudited Results for the period are as follows:

	Six months to 28th Nov 1986	Six months to 28th Nov 1985	Year to 30th May 1986
Sales	£12,381	£12,970	£24,531
Profit (Pre-Tax)	£315	£468	£934
Taxation	£119	£178	£393
Profit Attributable to Shareholders	£196	£290	£541
Earnings per 5p Share			
Basic	1.35p	2.47p	4.75p
Fully Diluted	1.32p	1.93p	3.71p

Chairman's Statement

The results for the six months to 28th November 1986 have been adversely affected by stock damage following a fire in a warehouse occupied by the Company, towards the latter part of the period. Our ability to fulfil orders, and therefore to maintain our turnover, was greatly diminished and grave dislocation of production ensued.

Whilst your Company is comprehensively insured against the risk of such an event, in accordance with conservative accounting practice we have incorporated figures relating to our insurance claim at the value of the stock lost only, excluding any element of profit.

The claim relating to loss of profit and consequential loss is in course of progress. The Directors believe that the results for the second half of your Company's year will show an improvement which will help towards bringing back the Company's profits nearer into line with those of last year.

11th February 1987

M. RADIN Chairman

Public Works Loan Board rates

Effective February 11

Years	by EIP	At maturity	Non-quota loans A* repaid
1	10%	10%	10%
Over 1, up to 2	10%	10%	10%
Over 2, up to 3	10%	10%	10%
Over 3, up to 4	10%	10%	10%
Over 4, up to 5	10%	10%	10%
Over 5, up to 6	10%	10%	10%
Over 6, up to 7	10%	10%	10%
Over 7, up to 8	10%	10%	10%
Over 8, up to 9	10%	10%	10%
Over 9, up to 10	10%	10%	10%
Over 10, up to 15	10%	10%	10%
Over 15, up to 25	10%	10%	10%
Over 25	10%	10%	10%

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Hillsdown expands poultry interests

By Nikki Tait

Hillsdown Holdings, the fast-growing food and furniture group, yesterday announced a further boost to its poultry interests with the £3.4m purchase of a Devon-based company, Tiverton Poultry group.

Tiverton Poultry produces around 100,000 birds a week, and around 75 per cent of its output goes to supermarket chains, like Asda, Waitrose and Argyl. According to Hillsdown, it currently has annual sales of around £16m and is operating at around break-even.

The group will be run within Hillsdown's existing Buxted interests, and some of Tiverton's existing management will remain with the group. Hillsdown has made a number of additions to its poultry interests recently—most notably with the purchase of Twydale Turkeys from J. Bibby for £15m last November. It now supplies just under one-fifth of the total UK market.

The Tiverton purchase price will be the issue of 266,376 Hillsdown shares—worth around £850,000—and the balance in cash.

City Site
£5.8m rights

City Site Estates is calling for about £5.8m in a rights issue of about £6.02m 7 per cent convertible unsecured loan stock 2005-06 at par. Each £100 nominal will be converted into 5.8 ordinary shares.

The terms are 55 nominal convertible stock for each 100 ordinary held, and 54 nominal of convertible stock for each 100 preference held, in both cases at par.

The funds raised will enable the company to continue its policy of further acquisitions, broaden its base of activities in development and refurbishment, and to expand its interest in the south east, directors said.

General Consol. improvement

The net asset value of General Consolidated Investment Trust rose 21 per cent to a record 99.10p per share in the year to end-December 1986.

The final dividend is increased from 7.5p to 9p giving a total of 13p for the year (11.1p). Stated earnings per share came out at 13.23p against 11.4p last year.

Gross revenue decreased from £3.68m to £4.12m. After interest payable of £232,000 (£172,000), and administration expenses of (£154,000), revenue before tax was 11.7 per cent higher at £3.68m. The tax charge was slightly higher at £1.2m (£1.15m).

Bestwood shares

A large number of shares in Bestwood, the financial and property services company, are believed to have gone through the market—giving rise to speculation that Mr Terry Ramden, the financier, has sold part of the stake held by his privately-owned Glen International.

Glen held around 13 per cent of Bestwood, and part from Mr Tooy Cole, Bestwood's chairman and chief executive, was the only major shareholder. Bestwood said that it had not received any official confirmation of a share sale by Glen.

BOARD MEETINGS

TODAY
Internova, O'Brien International, Dan Holdings, Elbief, Estaza Property Investment, William Ransom.
Final: Bimidi Quilcast, Grigoland Exploration and Finance, Kennedy Brookes.

FUTURE DATES
Authority Investments Feb 18
Enderbury Shaws Feb 18
Photo-Vis International Feb 19
Final:
British Kidney Patients Assoc.
Investment Trust Feb 26
Covis (T) Feb 27
Great Nicholson Feb 27
Spartan Trust Feb 27
McAlpine (Africa) Feb 28
Renown Incorporated Feb 28
River and Mercantile Trust Feb 28
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UK COMPANY NEWS

London Park Hotels receives bid approach

BY TERRY POVEY

London Park Hotels yesterday announced that it had received an approach "which could lead to an attractive offer," according to Mr Charles von Westenholz, a director. On the news the company's shares rose 31p to 628p.

The approach received had been "unsolicited but not rejected as the controlling shareholder is well aware of its responsibilities towards minority shareholders," said Mr von Westenholz. London Park Hotels is 57 per cent owned by von Westenholz, a private UK company which is a fully owned subsidiary of the Jersey-based subsidiary Park Hotels & Properties.

The Jivraj family, prominent members of the Ismail com-

munity, whose trust owns 50 per cent of the offshore company, play a key role in the running of LPH. Mr von Westenholz said that the approach received had not come from any of the Ismail businessmen, several of whom are active in the hotel sector.

In 1985, LPH reported pre-tax profits of £1.65m on sales of £7.5m and, in the latest figures, for the six months to June, profits were £801,000 (£552,000). Main hotels are the London Park, the Plaza at Marble Arch, the Royal Angus, the Grand and the Pleasant to which the Prince of Wales in Kensington and the Crest Hotel at Heathrow were added during 1986.

The outcome of the dis-

cussions with the would-be bidder for LPH will have no direct effect on the position of the 17.2 per cent stake held by Rushlake Holdings, a subsidiary of the Jersey holding company, in overseas trader and transport company Mitchell Cotts. Rushlake Holdings has also built up a 12 per cent stake in Wiggins, the domestic electrical appliances company.

Asked whether the Jivraj family had decided to switch its interests out of hotels and into investments, Mr von Westenholz, who is the managing director of Rushlake Holdings, said that "this was putting the family's intentions too strongly and that it had not been actively seeking to dispose of its hotel interests."

Bid talks continue at Mitchell Somers

BY NIKKI TAIT

Shares in Mitchell Somers, the engineering group, added 5p to 143p yesterday after the company disclosed that talks with an undisclosed potential bidder are continuing.

Mitchell Somers first notified the market of an approach in early January and its shares instantly jumped to around 145p.

Explaining the reasons behind yesterday's statement, Mr Robert Black, chief executive, said, "Five weeks had gone by and we felt we really should keep shareholders in the picture. Hopefully, we will have something to tell them in 10-14 days' time."

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100 118	Aer. Brit. Ind. Ord.	100	—	7.5	4.8	8.8
102 121	Aer. Brit. Ind. CUL	102	—	10.0	5.2	—
40 48	Armaments and Rhodes	38	—	4.2	12.0	4.8
80 84	BBB Design Group (UEN)	80	—	1.4	1.8	19.0
218 268	Bardon Hill Group	218	—	4.0	2.1	24.8
100 88	Bay Technologies	100	—	4.2	4.3	11.8
128 78	CCF Group Ordinary	130	—	2.8	2.2	8.2
107 88	CCL Group 11pc Conv. Pl.	98	—	16.7	10.9	—
288 110	Carborundum Ordinary	288	—	9.1	3.4	12.9
88 88	Carborundum 7.8pc Pl.	88	—	10.7	11.5	—
128 78	George Blair	128	—	2.8	4.2	2.5
114 17	Ind. Friction Co.	114	—	8.7	8.9	10.2
176 125	Ials Group	125	—	13.8	14.8	7.2
124 101	Jackson Group	120	—	6.1	6.1	8.2
377 280	James Burrough	368	—	17.0	4.8	10.0
100 88	Jerburgh Sp. Pl.	100	—	12.9	14.3	—
1028 342	Multihouse NV (Amst)	700	—	—	—	26.7
380 280	Record Ridgway 10pc Pl.	381	—	—	—	6.5
100 87	Record Ridgway 10pc Pl.	88	—	14.1	17.0	—
80 87	Robert Jenkin	80	—	—	—	4.0
54 30	Servations	54	—	—	—	—
143 87	Tandem and Cables	143	—	5.7	4.0	8.7
340 324	Trevian Holdings	324	—	7.9	2.4	8.7
78 42	Unilook Holdings (BS)	78	—	2.8	3.8	14.4
124 86	Walker Alexander	124	—	5.0	4.0	11.9
250 190	W. S. Yates	195	—	17.4	8.9	11.8
88 87	Worx Yorks. Ind. Hosp. (USM)	88	—	8.6	6.7	14.0

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This advertisement is issued in compliance with the Regulations of the Council of the Stock Exchange. Application has been made to the Council of the Stock Exchange for the whole of the issued and allotted ordinary share capital of Dale Group plc to be admitted to the Official List. It is expected that the ordinary shares will be admitted to the Official List on 18th February, 1987 and that dealings will commence on the same day.

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Particulars relating to Dale Group plc are available in the statistical service of Extel Statistical Services Limited. Copies of the Listing Particulars may be obtained during normal business hours (Saturdays and public holidays excepted) up to and including 18th February, 1987, for collection only, from the Company Announcements Office, The Stock Exchange, Threadneedle Street, London EC2P 2JX and up to and including 28th February, 1987 from:

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UK COMPANY NEWS

Clay Harris examines the pros and cons of a policy practised by a minority of UK pension funds

The vices and virtues of self-investment



WHEN the London stock market reached another new peak just more than a week ago (February 4), members of the pension fund at Victor Products had little to cheer about.

On the same day, disappointing results at the small engineering group in north-east England valued nearly £400,000 off the value of Victor shares held by the company's own pension fund, a decline equal to about 4 per cent of the fund's total assets.

The Victor fund's decision to hold about a quarter of its assets in its members' employer (or indeed any single security) makes it exceptional even among the small minority of British pension funds which practise such "self-investment."

But if such cases are few, the principles involved have prompted the investment committee of the National Association of Pension Funds to establish a working party to study the issue. The association is expected to produce recommendations on "best practice" later this year.

Although the NAPF claims to have been considering the issue for some time, its latest action followed complaints about the decision by the pension fund at Bryant Holdings to commit 10 per cent of its assets to shares in the Midlands-based housebuilder in an effort to thwart a hostile bid from English China Clay.

Bryant's escape from takeover was narrow, although not close enough for the fund's holding to make a difference. Pension fund members are now looking at a paper loss of more than £150,000, reflecting the decline of the share price from its bid-inflated heights.

Although there are no legal guidelines, conventional wisdom among pension managers frowns on self-investment in almost all circumstances. The classic argument, says Mr Stephen

Gooch of Clay & Partners, actuarial consultants, is that employment and pension should be separate so that "if your company folds and you lose your job, you do not lose your pension as well."

By far the majority of British corporate pension funds exclude their own companies' shares on principle. A minority, perhaps 30 per cent, allow external managers to buy the shares if they consider it a good investment on its own merits, but where a bid is offered, the fund would give the share.

The smallest group, representing less than 3 per cent of funds and usually having close links between the fund's managers and the company, are self-invested. Mr Gooch emphasises that these funds hold the shares.

"I've never found them capable of selling them," he says. This is true whether the share is doing badly or whether it is reaching a working party to study the issue. The association is expected to produce recommendations on "best practice" later this year.

The worst case, he says, is one like Bryant where the fund buys the shares at a high level that is unlikely to be maintained if the bid fails.

Bryant, not surprisingly, disagrees. Mr Michael Chapman, Bryant finance director but not a director of the fund's trustees, goes along with opposition in principle to self-investment. In 1971, the Bryant fund sold 50,000 shares it owned in the company for that very reason.

But last month's circumstances were different. "We wouldn't have done it if it hadn't been for the bid situation," Mr Chapman says. "The jobs of our people would have gone if the bid had succeeded. We were always at the back of our minds."

Even though the fund's holdings did not represent the margin of victory, Mr Chapman believes that they sent an early signal to English China Clay that an uphill battle to gain the shares it needed.

After the controversy broke, the pension fund's directors —

all also on Bryant's board — polled its 754 members. Of those who replied, 593 supported the decision and 15 opposed it. Five of these were pensioners, the rest were former employees who still had deferred pensions with the fund.

Mr Chapman doubts whether the Bryant fund has changed its long-term scepticism about self-investment, but it is unlikely to be in a hurry to sell the shares at a loss.

Large stakes held by in-house pension funds, such as the 25.3 per cent holding in Victor Products, may actually serve as "shark repellent" and prevent any bid premium from ever creeping into a share price.

But funds' share purchases related to bids can raise other questions, such as the Distillers' fund's acquisition of Guinness shares just after the conclusion of the takeover battle, a matter (like others) being investigated by the Department of Trade and Industry.

Colin Lever, a consultant to Bacon & Woodrow, said many companies avoid holding their own shares because of the

few opportunities for trading which escape the suspicion of acting on inside information. Before Bryant, the funds most noted for self-investment were those at Lucas Industries, the Midlands engineering group. In November, the Staff Pension Trust held 3 per cent and the Works Pension Trust held 4 per cent of the company's shares. At March 31 last year, these stakes amounted to 7 per cent and 6 per cent respectively of the funds' investments.

Self-investment goes back more than two decades at Lucas, and the pension fund trustees decline to discuss the principles involved.

In one way, at least, the Lucas funds have benefited recently from being shareholders. The company's decision to declare a pensions holiday, not to contribute £20m to the funds in the two years to June 1987, boosted the share price. If the funds had not held shares in Lucas, pensioners would have received no benefit at all from the holiday.

Ten years ago, when inflation was raging and equity markets

were not, companies and pension funds were in a different position altogether. The funds were under-funded and companies were having to top them up at the expense of day-to-day operations. This did not help shareholders, many of whom, after all, were other pension funds.

Sir Kenneth Bond, vice-chairman of CFC, recalls the debate within the Wilson committee on financial institutions in the late 1970s. The members accepted the arguments that self-investment could link pensions too closely to jobs, that conflicts of interest could arise when managers and employees were also trustees, and that resources were likely to be allocated more efficiently if companies had to compete for funds in the market.

But Sir Kenneth and others maintained that limited self-investment should be encouraged. They suggested that it might motivate pension fund members as employees. Moreover, the committee's report said, "self-investment might provide a valuable way of channeling pension fund monies back into companies more easily than the capital markets can in present circumstances."

Trustees might be willing to take greater risks or a longer-term view than outsiders. Although some of the arguments may still apply, Sir Kenneth says now: "By and large I think it is unwise to do."

Pension fund managers and consultants agree that the burden of proof lies with those who favour self-investment. Pension fund members are now guaranteed more information about investments made on their behalf. Since November 1, funds have been required by law to disclose details of any investments involving more than 5 per cent of its net assets. Self-investment in the employer or an associated company is specifically included: not only shares

and securities, but also mortgages, property leased or loans extended to the company, and any unpaid dividends or rents. The disclosure level reflects a strong consensus that 5 per cent is the maximum self-investment that could be countenanced under any circumstances.

Many trustees would be loath to have to defend any flouting of the conventional wisdom against an unhappy pension fund member. In 1984 when Mr Arthur Scargill, President of the National Union of Mineworkers, lost his bid to forbid a National Coal Board fund from increasing overseas investment or investing in directly competing energy industries guidelines laid down in the high court spent out trustees' responsibilities.

Sir Robert Megarry, the Vice-Chancellor, held that the power of investment "must be exercised so as to yield the best return for the beneficiaries, judged in relation to the risks of the investments in question."

He also said: "The large size of pension funds emphasises the need for diversification, rather than lessening it, and the fact that much of the fund has been contributed by members of the scheme seems to me to make it even more important that the trustees should exercise their powers in the best interests of the beneficiaries." This normally meant their financial interests, he made clear.

Conventional wisdom among fund managers frowns on the practice

Lucas and Victor shares have both under-performed the market in recent years. Mr Roy Mann, Victor's executive chairman, maintains: "The argument on the other side is that the trustees have the faith that the shares will come up again."

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1. The major world Insurance Markets
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4. Leading Analysts' views on trends within the Industry
5. Life Assurance and Pensions

For information about advertising in this Survey and a copy of the synopsis, contact Brian Kelaart, David Reed or Michael Bamfylde on 01-248 8000, extensions 2266, 3461 and 4008.

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RESULTS

HEITON HOLDINGS, Dublin-based timber importer, builders' provider and fuel merchant, reported a reduced loss before tax of £143,000 (£40,850) for the six months to the end of October 1986, against £130,000. Turnover was £114.52m (1985: £114.58m) and the loss per share came out at 1.18p (2.95p). The figures include a contribution from M. Doherty and Co since its purchase on September 15.

KLEINWORT OVERSEAS Investment Trust (formerly Eng & New York Trust): net asset value year to December 1986 181.8p (188.7p). Final dividend 1.5p (1.5p) making 2.5p (3.5p).

ARBUENOT STERLING FUND: Year to October 31, 1986. Net asset value 206.05p per share (188.05p).

BENSON SGB incurred loss of £13,000 (£20,000 profit) before extraordinary items for six months to November 30 1986. External sales £1.25m (£1.28m). Interest £18,000 (same), loss per

share 87p (42p profit). As a result of Benson Reading acquisition on December 15, figure figures will be on a merged accounting basis. Had acquisition taken place on May 31 1986, combined profit for half year would be £240,000 on £4.3m turnover.

BIDS AND DEALS

PARAMBE has agreed to purchase a small portfolio consisting of unquoted investments from Lincroft Kilgour, a subsidiary of Priest Mariani. The consideration is 200,000 new shares, valid for the purposes at 65p each.

EALING ELECTRO-OPTICS - A/S Investa holds 790,000 ordinary (7.58 per cent) and has bid over 900,000 since September last. It is an associate of Slepner UK (a holder of 40.5 per cent of EEO). Slepner UK has confirmed that there does not exist, nor will there exist, any relationship with Investa which may constitute an agreement or understanding for the purpose of

obtaining or consolidating control of EEO.

YEARLING BONDS totalling £3m at 10 1/4 per cent, redeemable on February 17 1988, have been issued by the following local authorities: Kirkcaldy Metropolitan Borough Council; Elm; Walsby District Council; 20,000 Dundee City of DC 80.5m; Derwentdale DC 80.35m.

PLATON INTERNATIONAL has sold certain maintenance and service contracts relating to graphics and image computer systems to Systmatic, a subsidiary of Sintrom, for £261,000 cash.

MARLER ESTATES (property investment and development): Glen International bought a further 900,000 ordinary in Marler on February 6, and now holds 2.23m (29.86 per cent).

HALL ENGINEERING (Holdings) has sold W. M. Deakin to Gold Star Press Break and Unit Tooling for total consideration of £200,000 cash, with £100,000 paid at completion on the balance by monthly instal-

APPOINTMENTS

Plessey International director

Mr David Crofts is to join THE PLESSEY COMPANY as international director from Unileys where he was vice president and general manager of Sperry computer operations in the UK and Ireland. He joins Plessey on March 2 and succeeds Mr Alan Jones who was appointed managing director of Plessey Electronic Systems in October.

HATCH, MANFIELD & CO has appointed Mr James Whitaker to the board. Mr Hatch, Manfield last June as general manager, and will continue to be responsible for administration and sales in the UK.

Mr R. C. Hampel, an executive director, Imperial Chemical Industries, has appointed a non-executive director of COMMERCIAL UNION ASSURANCE.

Mr Richard Wakeling has been appointed a non-executive director of JOHNSON MATTHEY. He is finance director of Charter Consolidated and succeeds Mr N. G. McNair Scott, who has resigned.

Mr Andy Powell has been appointed marketing director for AIR CALL'S communications division.

At CREDIT SUISSE FIRST EASTON, Mr Adams Lerrick will be joining as director-investment banking on March 2. Mr Lerrick comes to CSFB from Salomon Brothers International.

Mr Ray Wearn has joined MARSHALL CLAVENDISH as director of production. He was previously head of production at The Economist.

Mr Roger Taylor and Mr Larry Hurst have been appointed directors of COUNTY AND DISTRICT DEVELOPMENTS, a subsidiary of County and District Properties. In addition to their new responsibilities at the subsidiary com-

pany, Mr Taylor and Mr Hurst will also continue in their roles as senior development executive and financial controller respectively for County and District Properties.

Mr David J. Bowes-Lyon, manager of Union Discount Co, has been appointed director of AITKEN CAMPBELL & CO and AITKEN CAMPBELL (GILTS).

Mr Ray Murphy has been appointed to the newly established post of head of special projects for TSB ENGLAND & WALES, based in London. He was manager of TSB's City branch in Liverpool since 1983.

At DENIS M. CLAYTON (HOLDINGS) Mr Denis Clayton, chairman and founder, has retired and resigned as chairman of Denis M. Clayton (Holdings) and all his other directorships within the group. He remains as a consultant and honorary life president. Mr John Goldsmith has been appointed chairman of Denis M. Clayton (Holdings) in his place.

At EVODE GROUP Mr Roger Hatfield has been appointed managing director of the paint and powder coatings subdivision. He will assume overall responsibility for Postans, Worrall's Powders, Synthia Pulvin (UK), and Evodec (the US partnership). Mr Steven Jacques has been appointed as deputy general manager of Postans and Mr Malcolm Henry to the position of manufacturing director—both join the board of Postans.

SCOTT PAPER CO has made two appointments: Mr James J. Cunningham has been named senior vice president in charge of Scott's European operations in the newly organised global operating group. Scott Worldwide. Mr Cunningham will be responsible for Scott's sanitary tissue paper business in the UK, France, Belgium, Spain and

Italy. Mr Raymond J. Dinkin has been promoted to corporate vice president with responsibility for the company's strategy and administration and will become a member of the Scott executive committee.

Mr Michael Monte, investment manager, has been appointed a director of THE CITY OF LONDON TRUST.

Mr C. M. Brown has become company secretary and divisional director finance and accounting of ANSLOW-WILSON AND AMERY.

SODERMAN & SODERMAN (UK) has appointed Mr Steven Harmer its sales director.

Mr Hugh Rogers has been appointed a director of DERBYSHIRE BUILDING SOCIETY. He is currently the society's secretary and general manager—administration. Mr Peter Ayre has retired.

NOTICE OF REDEMPTION To the Holders of INTERNATIONAL STANDARD ELECTRIC CORPORATION 12% Sinking Fund Bonds due 1996

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture dated 15th March, 1984 (the "Indenture"), between International Standard Electric Corporation and Bankers Trust Company, Trustee, that \$7,796,000 principal amount will be redeemed by the Trustee for redemption on 15th March, 1987 at the principal amount thereof in accordance with the Sinking Fund provided for in Section 3.06 of the Indenture. The following are the serial numbers of the Bonds which will be redeemed in whole.

16	1582	3208	4811	6470	8077	9532	11083	12619	14288	15945	17677	19309	21045	22844	24685	26523	27948	31287	33047	34862	36216	37800	39483	41073	42809	44544	46448	47937	49822	51082	52941	54020	56701	60413	62296	63941	65814	67193	68679	70196	71731	73159	74536
21	1578	3209	4812	6471	8078	9533	11084	12620	14289	15946	17678	19310	21046	22845	24686	26524	27949	31288	33048	34863	36217	37801	39484	41074	42810	44545	46449	47938	49823	51083	52942	54021	56702	60414	62297	63942	65815	67194	68680	70197	71732	73160	74537
26	1614	3222	4836	6506	8121	9567	11119	12659	14324	16025	17780	19321	21057	22846	24687	26525	27950	31289	33049	34864	36218	37802	39485	41075	42811	44546	46450	47939	49824	51084	52943	54022	56703	60415	62298	63943	65816	67195	68681	70198	71733	73161	74538
31	1618	3226	4840	6510	8125	9571	11123	12663	14328	16029	17784	19325	21061	22847	24688	26526	27951	31290	33050	34865	36219	37803	39486	41076	42812	44547	46451	47940	49825	51085	52944	54023	56704	60416	62299	63944	65817	67196	68682	70199	71734	73162	74539
36	1622	3230	4844	6514	8129	9575	11127	12667	14332	16033	17788	19329	21065	22848	24689	26527	27952	31291	33051	34866	36220	37804	39487	41077	42813	44548	46452	47941	49826	51086	52945	54024	56705	60417	62300	63945	65818	67197	68683	70200	71735	73163	74540
41	1626	3234	4848	6518	8133	9579	11131	12671	14336	16037	17792	19333	21069	22849	24690	26528	27953	31292	33052	34867	36221	37805	39488	41078	42814	44549	46453	47942	49827	51087	52946	54025	56706	60418	62301	63946	65819	67198	68684	70201	71736	73164	74541
46	1630	3238	4852	6522	8137	9583	11135	12675	14340	16041	17796	19337	21073	22850	24691	26529	27954	31293	33053	34868	36222	37806	39489	41079	42815	44550	46454	47943	49828	51088	52947	54026	56707	60419	62302	63947	65820	67199	68685	70202	71737	73165	74542
51	1634	3242	4856	6526	8141	9587	11139	12679	14344	16045	17800	19341	21077	22851	24692	26530	27955	31294	33054	34869	36223	37807	39490	41080	42816	44551	46455	47944	49829	51089	52948	54027	56708	60420	62303	63948	65821	67200	68686	70203	71738	73166	74543
56	1638	3246	4860	6530	8145	9591	11143	12683	14348	16049	17804	19345	21081	22852	24693	26531	27956	31295	33055	34870	36224	37808	39491	41081	42817	44552	46456	47945	49830	51090	52949	54028	56709	60421	62304	63949	65822	67201	68687	70204	71739	73167	74544
61	1642	3250	4864	6534	8149	9595	11147	12687	14352	16053	17808	19349	21085	22853	24694	26532	27957	31296	33056	34871	36225	37809	39492	41082	42818	44553	46457	47946	49831	51091	52950	54029	56710	60422	62305	63950	65823	67202	68688	70205	71740	73168	74545
66	1646	3254	4868	6538	8153	9599	11151	12691	14356	16057	17812	19353	21089	22854	24695	26533	27958	31297	33057	34872	36226	37810	39493	41083	42819	44554	46458	47947	49832	51092	52951	54030	56711	60423	62306	63951	65824	67203	68689	70206	71741	73169	74546
71	1650	3258	4872	6542	8157	9603	11155	12695	14360	16061	17816	19357	21093	22855	24696	26534	27959	31298	33058	34873	36227	37811	39494	41084	42820	44555	46459	47948	49833	51093	52952	54031	56712	60424	62307	63952	65825	67204	68690	70207	71742	73170	74547
76	1654	3262	4876	6546	8161	9607	11159	12699	14364	16065	17820	19361	21097	22856	24697	26535	27960	31299	33059	34874	36228	37812	39495	41085	42821	44556	46460	47949	49834	51094	52953	54032	56713	60425	62308	63953	65826	67205	68691	70208	71743	73171	74548
81	1658	3266	4880	6550	8165	9611	11163	12703	14368	16069	17824	19365	21101	22857	24698	26536	27961	31300	33060	34875	36229	37813	39496	41086	42822	44557	46461	47950	49835	51095	52954	54033	56714	60426	62309	63954	65827	67206	68692	70209	71744	73172	74549
86	1662	3270	4884	6554	8169	9615	11167	12707	14372	16073	17828	19369	21105	22858	24699	26537	27962	31301	33061	34876	36230	37814	39497	41087	42823	44558	46462	47951	49836	51096	52955	54034	56715	60427	62310	63955	65828	67207	68693	70210	71745	73173	74550
91	1666	3274	4888	6558	8173	9619	11171	12711	14376	16077	17832	19373	21109	22859	24700	26538	27963	31302	33062	34877	36231	37815	39498	41088	42824	44559	46463	47952	49837	51097	52956	54035	56716	60428	62311	63956	65829	67208	68694	70211	71746	73174	74551
96	1670	3278	4892	6562	8177	9623	11175	12715	14380	16081	17836	19377	21113	22860	24701	26539	27964	31303	33063	34878	36232	37816	39499	41089	42825	44560	46464	47953	49838	51098	52957	54036	56717	60429	62312	63957	65830	67209	68695	70212	71747	73175	74552
101	1674	3282	4896	6566	8181	9627	11179	12719	14384	16085	17840	19381	21117	22861	24702	26540	27965	31304	33064	34879	36233	37817	39500	41090	42826	44561	46465	47954	49839	51099	52958	54037	56718	60430	62313	63958	65831	67210	68696	70213	71748	73176	74553
106	1678	3286	4896	6570	8185	9631	11183	12723	14388	16089	17844	19385	21121	22862	24703	26541	27966	31305	33065	34880	36234	37818	39501	41091	42827	44562	46466	47955	49840	51100	52959	54038	56719	60431	62314	63959	65832	67211	68697	70214	71749	73177	74554
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116	1686	3294	4904	6578	8193	9639	11191	12731	14396	16097	17852	19393	21129	22864	24705	26543	27968	31307	33067	34882	36236	37820	39503	41093	42829	44564	46468	47957	49842														

Accountancy Appointments

International Finance

Windsor

Siebe plc has an impressive record of growth since its public flotation in 1962. This well-known multinational has expanded by following a proven strategy in advanced mechanical and electronic engineering, and by moving forward in life support and health-care activities. Following recent acquisitions, group

turnover has more than doubled to £1 billion plus and Siebe now employs over 26,000 people worldwide. In response to this growth and in anticipation of exciting plans for future development, the following new positions have been created within the corporate finance team.

Group Tax Manager to £35,000

Reporting to the Group Treasurer, you will take full responsibility for all taxation matters within the group's complex fiscal structure. You will provide general advice and guidance to the UK and overseas subsidiaries, ranging from specific tax planning projects to ensuring completion and agreement of computations to facilitate forecasting, budgetary

and year-end reporting. An incisive and commercial approach should be combined with the ability to initiate new policies and procedures. A chartered accountant, aged 29-35, you must have in-depth international corporate tax experience with specific exposure to German and US tax laws, gained in either a public practice or a multinational. Ref: 1304/FM/FT.

Corporate Controller c. £27,500

As part of the senior management team, you will be responsible for controlling the financial information of a major division within the group. This role will entail monitoring and reviewing the operations and financial performance of the subsidiaries both in the UK and overseas, to ensure conformance to corporate targets and standards. You will advise and interface with man-

agement at all levels, necessitating an astute, commercial understanding of the business. A chartered accountant in your 30s, with strong communication skills, you have gained sharp-end financial management experience in a multinational manufacturing environment. A degree in engineering would be useful but is not essential. Ref: 1302/FM/FT.

Both positions offer international travel, and the salary packages are negotiable to include a quality company car and comprehensive benefits. If you seek an intellectual challenge of working in a demanding,

PA

high-pressure environment and your ambitions match those of an aggressively expanding group, then please send cv, quoting the appropriate reference and indicating current salary to Fiona McMillan.

PA Personnel Services

Executive Search • Selection • Psychometrics • Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 0080 Telex: 27874

OIL

PROJECT/JOINT VENTURE AUDITS TEAM LEADER

LONDON

£20,000 - £26,000

Amerada Hess Limited, a highly successful and expanding subsidiary of the Amerada Hess Corporation, is directed by an all British Management and has been involved in the North Sea since 1984. It is one of the ten largest companies operating in the North Sea with interests in 88 blocks, 7 producing fields and is developing the Ivanhoe and Rob Roy fields.

Continued growth has created the need for an experienced team leader to take responsibility for the organisation and execution of project and joint venture audits. You will report direct to the Controller, who seeks a new, imaginative approach to the verification process.

You must be qualified and will have practical experience of systems and procedures in an upstream environment. Your interpersonal skills must be strong to enable you to handle audit teams drawn from both within Amerada Hess and our joint venture partners. Some travel to construction sites and suppliers is envisaged.

In addition to the attractive salary the benefits package includes non-contributory pension, subsidised BUPA and five weeks' holiday.

To apply, write in strict confidence to Andrew Scott-Priestley providing full details of your career history to date and current salary.

Amerada Hess Limited
2 Stephen Street
London W1P 1PL
Tel: (01) 636 7766

**AMERADA
HESS**

Appointments Advertising

£43 per single column centimetre
Premium positions will be charged £32 per
single column centimetre

For further information, call:
Jane Liversidge 01-248 3248
Daniel Berry 01-248 4752
Emma Cox 01-236 3789

ASSISTANT TO FINANCIAL CONTROLLER

REQUIRED TO WORK IN
BUSY KINGSTON HEAD OFFICE

The successful applicant will assist in the preparation of management and financial accounts, be French speaking and prepared to spend up to ten days a month in their French offices.

The ideal applicant will be self-motivated with good financial experience (not necessarily qualified).

Excellent salary and other benefits.

Applications in writing to: Box A0411, Financial Times
10 Cannon Street, London EC4P 4BY

Fast Track Accountants

Share in our success story!

Financial Management - Manufacturing

c. £20-£25k + Car London N and SE

If your career is stagnating, your promotion path blocked, consider joining this fast-growing (currently £20m) Division of FKI Electricals plc, the acquisitive electrical engineering group with a record of sustained growth in revenues and profits over the last ten years.

The Division now comprises four manufacturing companies, two each at Enfield and Thamesmead, and has established plans for expansion following recent strategic acquisitions. We need to make two key appointments:

Finance Director (Designate) Enfield

Finance Controller Thamesmead

Responsibility is for the financial control of the business, with the emphasis on influencing its future direction as a member of the newly established executive.

You will be committed to success, measured in company and career terms. Aged 25-35, ACMA and an effective line manager in a substantial manufacturing company with tight financial disciplines, you will now be looking to capitalise on your achievements in a dynamic, challenging and stretching environment. Personal prospects are genuinely unlimited for the able and resilient!

Convince us of your exceptional talent by telephoning the company's adviser, Barry Drinkwater on 01-589 4567 until 8.00pm today or Friday, or send your cv to him at E.P. International, Collier House, 163 Brompton Road, London SW3 1HW.



**Communications
and Components
Division**

Project Accountants

Central London

c£20-25,000 + benefits

With the launching of a major new product through a recently created subsidiary, our client is seeking to strengthen its central finance function with the appointment of two young accountants. The group, with a turnover of £250m, is already at the forefront of technology in the communications industry with dynamic management and is part of a substantial British based organisation.

The two positions will provide technical support to the Group Accountant and commercial management of a team of 40 responsible for the new product. In addition to these roles there will be major projects to

undertake which will be varied and often demanding close contact with senior management.

The constantly changing profile of the group, together with its distinctive approach will appeal to ambitious accountants aged 25-30 with some commercial experience. However, as well as initiative and sound technical ability a flexible attitude and the potential to take on more demanding and wide ranging roles will be essential. Career opportunities within the group and its associated companies will be determined by the success of the individual.

Please write with full career details to
John P. Sleigh FCCA
quoting ref J/560NF.

**Lloyd
Management**

125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

DYNAMIC FINANCIAL No. 1

- ★ 220m turnover communications manufacturer based in Warwickshire
- ★ Acquisitive, turnover doubled in one year; significant investment in plant & machinery and R&D capability.
- ★ Head the finance function with emphasis on manufacturing controls and costing systems — standard and contract.
- ★ Qualified accountant, first time exam pass, demonstrating a successful track record in manufacturing and an acute business sense. Age under 35.
- ★ Salary indicator is c£18,000 per annum but this need not be a barrier to application. Other benefits will include a company car.

Reply in confidence with concise career details and current remuneration to Nicholas C Jenkins quoting reference no. FT0202 at:

QMS Recruitment
Quorn House, 6 Princess Road West
Leicester LE1 6TP

FINANCIAL CONTROLLER

NORTH WEST

c. £20,000 + CAR

Our Client is a PLC that is expanding rapidly due both to organic growth and acquisition. With a dynamic and innovative marketing approach, it is a very successful distributor of consumer and capital goods and operates a number of subsidiaries in the UK. It is poised to make further acquisitions to increase its overall market penetration and geographical coverage.

An opportunity now exists within one of the divisions (T/O £10M) for a qualified accountant to develop strong and effective financial controls within this fast-moving, high-volume environment. He/she will lead a small team to develop and attain the performance standards which the Company needs. There will be plenty of scope to introduce fresh ideas and disciplines, especially in areas such as management reporting, costing, stock control and cash management. He/she will be part of the senior management team and will be expected to advise on all financially related matters.

Suitable candidates are likely to be in the late 20's/early 30's age range and should be able to demonstrate a sound record of achievement in a similarly demanding, commercial role. Success in this appointment will open doors to much greater responsibility and closer involvement in the management of this progressive company.

Please contact Dudley Harrop at our Manchester office giving the ref no. M603.

Trident House,
31-33 Dale Street,
Liverpool L2 2HF
Tel: 051-236 9373

ASB
RECRUITMENT LIMITED

Eagle Buildings,
64 Cross Street,
Manchester M2 4JQ
Tel: 061-834 0618

FINANCIAL ACCOUNTANT

A control and development role in a multi-location division of BT
c. £20,000 - Based London

Based in London and operating out of nine regional locations, British Telecom's Motor Transport Division with a 65,000 strong fleet of vehicles, is the largest of its kind in Europe.

We're looking for a qualified (ideally Chartered) Accountant with proven industrial/commercial experience to lead a small team responsible for the maintenance and development of financial accounting systems. Working with GL + General Ledger systems and ACE Fixed Asset register, your brief will include monitoring and reviewing financial data received from the regions; controlling Transfer Charging Operations and ensuring overall accuracy and quality.

At the same time you'll be gaining an overview of all existing computerised

systems, and your recommendations for new developments and implementation plans will be a vital contribution to the overall forward strategy.

Your technical knowledge and practical experience should have been gained either with an established practice or with a large, multi-divisional company. You're now ready for the exceptional challenges and career scope which BT as a whole is able to offer.

If our description matches your talents and ambitions, please Ian West on 01-356 9730, or write to him with your cv at British Telecom Motor Transport Personnel, 2nd Floor, Priory Fields House, 120 Aldersgate Street, London EC1A 4JQ. Please quote ref: FT89

**British
TELECOM**

LEGAL ADVISER-THE GULF

A Prominent Arab international financial Group based and operating in the Gulf and internationally seeks an experienced and fully qualified person for appointment as in-house LEGAL ADVISER in its Head Office.

The LEGAL ADVISER must be able to operate independently and shall be responsible for providing a comprehensive range of legal services, advice and assistance to the Group.

Applicants should have impeccable legal educational qualifications with at least 15 years of proven successful legal experience and practice in International Banking Business and Financial and Commercial transactions/litigation. It is essential that the applicant be fluent in the English Language.

The job being a very senior position, carries with it attractive remuneration and benefits including housing, car, and other perquisites.

Candidates meeting the above requirements are requested to apply in confidence to:

Human Resources Specialist
Peat Marwick Hassan & Co.
72 Mohi El Din Abou El Ezz St.
Mohandeseen-Cairo, Egypt.

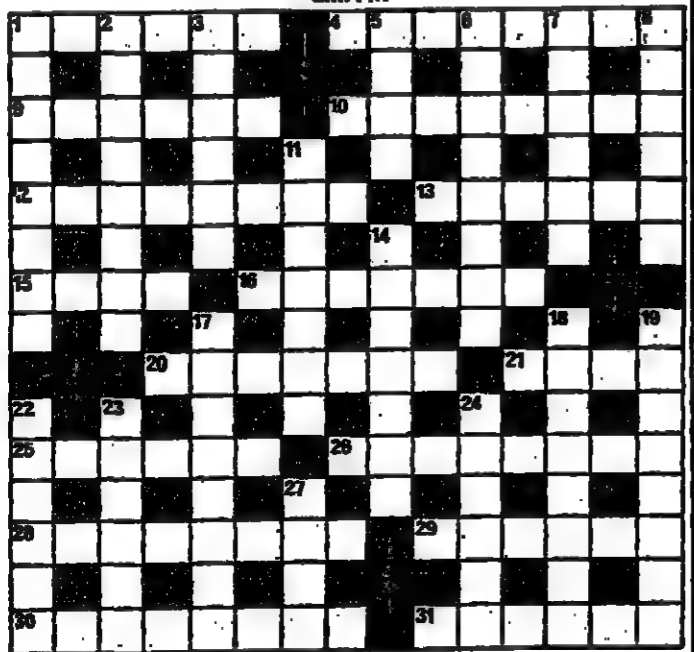
AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION

[illegible]

INSURANCES

[illegible]**FT CROSSWORD PUZZLE NO. 6,251****GRIFFIN**

ACROSS

- | | | | |
|----|---|----|---|
| 1 | Time to get that big heater fixed (3) | 7 | Terrifying female needs another gross around June 4th (3) |
| 2 | Fluffy hotel cat usually found in the kitchen (3) | 8 | The girl's sock is on top of her (3) |
| 3 | Dignified university practitioner in a burst of passion (3) | 9 | Furious about true potential being developed (7) |
| 4 | Discourage an ex-coppper with one cheer (3) | 10 | Possibly sup bitter with an arrogant person (7) |
| 5 | American tracks wading bird to a perch outside (3) | 11 | Will a "crazy" be heard? (3) |
| 6 | Sweet doctor sees another (3) | 12 | Cook voted to ring in about divine worship (3) |
| 7 | Said it (4) | 13 | Divides into four rooms (3) |
| 8 | Keep going to have a little drink before opening (7) | 14 | Appropriate support by mounted soldiers (3) |
| 9 | Peers inquisitively round street for clergymen (7) | 15 | Man climbing butterfly collector with a heavenly body (3) |
| 10 | Those paying for the fare will be (3) | 16 | Lavish meal which comes in little jars? (3) |
| 11 | Old widow with senvenit tin-pinner (3) | 17 | Smile when George gets home (4) |
| 12 | This may let the performer down (3) | | |
| 13 | Brooch previously on protective garment (3) | | |
| 14 | Pass ploughed field on the way (3) | | |
| 15 | Useful when going to bed? (3) | | |
| 16 | Handsome chap said "no mucking about." (6) | | |
- Solution to Puzzle No. 6258**

COASTER TRAINING
OF THE
PLANES
TO A NEW AIR
THE NEW DELTA

DOWN

- 1 Colour of tally a nurse is holding (3-5)
2 A dressing gown Nigel Gee designed (6)
3 Make certain nurse turns the key (6)
5 Bring up romance, which may mean (4)

Solution to Puzzle No. 6250

COASTER TRANCHE
PLANT TO MANOEUVR
OTHERWISE DELTA
SEASON DASHBOARD
BACKWARDS EAGLE
EARTH TRANSIENT
PROFUSION STAIR
FIND THE DRYCELL

[illegible]

[illegible][illegible]

OVERSEAS

ActiHonds Investment Fund SA

[illegible]

01-4235 2494	NAV 5464, 1DR with 1983A, 40,837	Adams & Co. #42	22 Elizabeth St., Edinburgh EH2 6QF	100	10.00	0.00
01-4235 2495	NAV 5464, 1DR with 1983A, 40,837	First Service Car Co.	100	10.00	0.00	0.00
01-4235 2496	NAV 5464, 1DR with 1983A, 40,837	Alkazi Hanks	100	10.00	0.00	0.00
01-4235 2497	NAV 5464, 1DR with 1983A, 40,837	City Road, ECLY 9A	100	10.00	0.00	0.00
01-4235 2498	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2499	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2500	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2501	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2502	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2503	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2504	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2505	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2506	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2507	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2508	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2509	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2510	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2511	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2512	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2513	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2514	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2515	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2516	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2517	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2518	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2519	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2520	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2521	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2522	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2523	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2524	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2525	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2526	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2527	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2528	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2529	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2530	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2531	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2532	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2533	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2534	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2535	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2536	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2537	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2538	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2539	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2540	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2541	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2542	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2543	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2544	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2545	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2546	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2547	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2548	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2549	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2550	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2551	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2552	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2553	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2554	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2555	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2556	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2557	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2558	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2559	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2560	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2561	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2562	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2563	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2564	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2565	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2566	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2567	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2568	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2569	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2570	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2571	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2572	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2573	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2574	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2575	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2576	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2577	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2578	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2579	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2580	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2581	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2582	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2583	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2584	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2585	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2586	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2587	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2588	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2589	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2590	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2591	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2592	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2593	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2594	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2595	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2596	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2597	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2598	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2599	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2600	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2601	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2602	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2603	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2604	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2605	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2606	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2607	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2608	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2609	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2610	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2611	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2612	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2613	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2614	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2615	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2616	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2617	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2618	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2619	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2620	NAV 5464, 1DR with 1983A, 40,837	100	10.00	10.00	0.00	0.00
01-4235 2621	NAV 5464, 1DR with 1983A, 40,837</					

[illegible][illegible][illegible][illegible]

312	Black Swan	22.24	-0.7	Rowley Sids	42	Burnham Oil	32
313	Bank Frust	22.24	-0.7	ICI	75	Charterfield	4
314	Mercury Offshore Shipping Trust	107.3	-0.7	Jowett	42	Chemical	3 1/2
315	Colson Fund	101.0	-1.3	Laidlaw	22	Chemical	65
316	Oversea Fund	111.9	-1.3	Legal & Gen	22	Shell	8
317	Campania Fund	102.5	-1.2	Law Service	22	Ultramar	17
318	Scottish Fund	100.6	-1.2	Lloyds Bank	24		
319	N American Fund	100.6	-1.2	LAGS Ind	46	Milnes	62
320	Pacific Fund	100.6	-1.2	Morris & Spencer	118	Crown Gold	22
321	Ind Western Fund	100.0	-1.2	Mitland Ed	68	Luenro	68
322	Equity Fund	128.3	-0.5	Morgan Grenfell	26	Tio Z Inc	68
323	Equity Fund	128.3	-0.5				
324	Mercury Scheduled Trust	43.14	-0.50				
325	Capital Fund	100.29	-0.50				
326	Campania Fund	100.29	-0.50				
327	Oversea Fund	100.29	-0.50				
328	Scottish Fund	100.29	-0.50				
329	N American Fund	100.29	-0.50				
330	Pacific Fund	100.29	-0.50				
331	Ind Western Fund	100.29	-0.50				
332	Equity Fund	100.29	-0.50				

A selection of Options traded is given on the London Stock Exchange Report Page.

010101	15.16	Gross	Net	CAR	Int C
Funds		Charities Aid Father Money Mngmnt Co Ltd			
01.724	4.100	Scenic Hall, Steam Dr, Houndersford, EC3	01.283	6.61	

Money Market

0534-79142 **Artken Home**
30 City Road, ECLY 2AY. 01-636 6070
Treasury Acc 110.25 7.46 11.10 0

Brown Shipley & Co Ltd
Founders Court, Lombury, London EC2R 7HE 01-606 0873

0334 74715 £2,500 + 11.1a 7.75 11.84 60
Dartington & Co Ltd
Dartington Tennis Centre TON 6-11 0001 04-2777

PO Box 2, Sheffield	U742 52655
High Inst Clg Acc	10.97
£10,000 +	10.30

	High Ist Chq Acc.....	\$1.00	9.28	12.06	HIGH
Royal Bank of Scotland plc					

Wimbledon & South West Finance Co Ltd
114 Newgate St, London EC1A 7AE. 01-606 9488

includes all expenses if bought through managers.
 z Previous day's price. y Guernsey gross. x Suspended.
 ♦ Yield before Jersey tax. † Ex-substitution. ‡ Only

Barclays	42	Reed Int'l	13
Beecham	48	STC	13
Blue Circle	55	Sears	13
BP	33		

—	GKN	24	BOM	31 1/2
—	Hanson Tst.	18	Boh Petroleum	50

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COMMODITIES AND AGRICULTURE

Stumbling blocks at EEC price talks

By Tim Dickson in Brussels

EEC FARMERS can be forgiven if they feel a little bewildered by recent events in Brussels. Twice in the past week EEC Commissioners have met "to agree" the farm price proposals for the year starting in April — and twice they have ended abruptly apparently in disagreement.

Negotiations within the Commission at this time of year are often fraught and sometimes protracted — but few observers can remember an occasion when the key annual farm price "package" proved quite so problematical.

The twin stumbling blocks at Tuesday's meeting were broadly the same as those which held up agreement for the first time on Wednesday last week, namely the ideas of Mr Frans Andriessen, the EEC Agriculture Commissioner for a tax on vegetable oils and fats plus his complex and controversial plans to reform the system of "green" currencies and monetary compensatory amounts (MCAs).

The 14 Commissioners present on Tuesday are understood to have split 7:7 on the oils and fats proposal. This is apparently drafted to tax production at the crushing stage, would be set at a rate of around Ecu 330 per tonne, and would raise several hundred million Ecu.

The problem, as Commissioners like Mr Andriessen and Cockfield have fiercely maintained, is that the tax would effectively be paid by consumers and would almost certainly be seen as provocative by the US.

The background to the "agri-monetary" proposals is the determination of Mr Andriessen and other budget-conscious Commissioners not to allow member states as in the past to undermine an otherwise restrictive price package through successful green currency devaluations.

Many Commissioners are annoyed, however, that Mr Andriessen's plans do not take into account a commitment made by EEC Farm Ministers in 1984 to phase out all remaining positive MCAs (these are expert subsidies and support levels designed to even out the effect of currencies on cross border trade) by April this year. Under the 1984 agreement new positive MCAs were created but existing ones — 2.9 per cent for dairy, 1.8 for beef, pigmeat and sugar, and 2.4 for cereals, eggs and poultry — were retained for West Germany and Holland.

Removing these, however, would involve revisiting these countries' green currencies in a way that cut farm prices in national terms — a course which Mr Andriessen apparently feels is politically unacceptable.

It is not clear when the Commission will next meet to resume their discussions. Views will doubtless be expressed on Sunday when the Commissioners get together to consider the long-term financing options for the Community but it could be the middle of next week before they are ready.

Fresh call for 'ceasefire' in farm export war

BY RICHARD MOONEY IN LONDON AND NANCY DUNNE IN WASHINGTON

A NEW 13-nation grouping of commodity exporting countries has joined in the chorus of protest at the economic damage being done by the present agricultural trade war.

After a meeting in Bangkok the "Fair Traders Group", comprised of Argentina, Australia, Brazil, Canada, Chile, Fiji, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand and Uruguay, called on the US, the EEC and Japan to declare a "ceasefire" prior to a progressive reduction of existing subsidies. And that should be followed by early measures to cope with large surplus stocks in commodity markets, the group said.

The latest plea followed Tuesday's announcement in Brussels of a 22.5bn plan to dispose of 1m tonnes from the EEC butter "mountain" on

the world market over a period of two years. The money will be used to bridge the gap between the price paid for the butter by the Community — currently about 23,500 a tonne — and the proceeds from disposals, which in some cases could be as little as 3 per cent of the price paid.

And the Brussels decision itself had followed hard on the heels of a US announcement of a plan to unload stockpiled dairy products.

Like the controversial Export Enhancement Program (EEP), the new Dairy Export Incentive Program (DEIP) will subsidise the sale of US dairy products through the provision of government-owned surplus dairy stocks.

The US Department of Agriculture has targeted 33 countries for the sale of butter, but

powder, cheddar cheese and bulk American cheese.

Nineteen countries have been offered subsidised butter, butter oil and anhydrous milkfat. Algeria, the largest potential recipient, has been offered 37,500 tonnes, Egypt, 29,500 tonnes; Saudi Arabia, 20,000; and Morocco, 13,000 tonnes.

Smaller offers have gone to Chile, Jordan, Kuwait, Mexico, Nigeria, Pakistan, Peru, Senegal, Somalia, Thailand, Trinidad and Tobago, Tunisia, the United Arab Emirates, Venezuela and Yemen.

The USDA also announced a 43m sale of non-fat dry milk to Mexico, made at commercial rates with three-year deferred payment arrangement. The 110m lbs sold are part of surplus stock acquired under the USDA's price support programme and sold for \$660 per tonne.

Tate urges unified regulation

BY RICHARD MOONEY

THE EXTRA costs faced by London's commodity futures industry because of the self-regulation requirements imposed under the Financial Services Act could be "at least halved" from an estimated 42m to 21m, says Mr Saxon Tate, chief executive of the London Commodity Exchange (LCE).

When the new arrangements come into force, probably from September 30, the Securities and Investments Board (SIB) will require the exchanges to become Recognised Investment Exchanges (RIEs) and to appoint compliance officers responsible for enforcement of contract regulations.

As things stand this would mean the employment of at least six such officers together with supporting staff at the LCE, the London Metal Exchange, the International Petroleum Exchange, the Baltic International Freight Exchange, the Agricultural Futures Exchange and the Grain and Feed Trade Association. And Mr Tate believes a further officer would be required to oversee trading options.

This multiplier effect would also be reflected in staffing levels at the SIB itself, which would pass on the costs to the exchanges.

Mr Tate expects the total bill to amount to around 42m a year — comprised of direct costs at the exchanges, their shares of SIB expenditure and "associated bits and pieces."

He calculates, however, that the creation of a single RIE for the whole industry could produce a saving in regulatory expenditure of between 200,000 and 750,000 a year, with a further 21.5m to 21.5m being saved through integrated organisation and administration.

"The alternative," he says, "will be a rise in dealing costs of about 30 per cent."

Mr Tate supports a plea made by Mr Bill Englebright, director of the Grain and Feed Trade Association, in a letter to the Financial Times this week that "the powers that be" should keep the costs of self-regulation to a level which the trade can afford. But we must put our own house in order first, he says.



Mr Saxon Tate... We must put our own house in order.

He does not expect opposition from the other exchanges to the idea itself — "nobody will argue about the principles," he says. And although he foresees many technical difficulties on the road to unification he is confident that these can be overcome. "It's not to be done some how," he declares.

In spite of the extra costs involved he believes that the advent of tighter regulation will be good for London futures trading. By creating a safe environment for the private investor it will give the industry a chance to market itself without attracting the adverse comment that the encouragement of private client business would have been attracted previously, he says.

Mr Fernando Andrade, Director of Permanent Representation of Guatemala to the UN, said lack of export quotas has been a destabilising factor for the coffee market.

Teape, was instructed to include long fibre pine pulp in its new

The pulp industry has a new

lobby, Australia, whence

eucalyptus first came, has begun

diversifying its forests and

planting eucalyptus, which,

Australian ecologists claim, is

stealing water from other crops.

Which tree is the villain now?

The Portuguese have a forest

development plan — still in the

discussion stage — that is tough

on eucalyptus, foreseeing only

about 50,000 ha of increased

area over a decade with more

than double that area for more

pine.

This turns its back on the

potential of short fibre

eucalyptus pulp and the money

the product can and does earn

for Portugal, now the world's

third largest producer of short

fibre pulp.

Farming today covers about

4m ha. The pro-forestry lobby

believes only half that area

represents efficient farming and

therefore, forests should spread

over 2m ha while farmland

should shrink.

It is a human dilemma. Until

a decade ago over 30 per cent

of the population lived, however

miserably, from some sort of

farming. Today still, 26 per cent

depends on farmland for a livelihood

compared with 17 per cent

in Spain. It is proving

hard to persuade the Portuguese

that they do not have a wide

spread farming vocation, and

might do better to plant, pre-

serve, and make optimum use

of trees.

citizens who accept forestry

as a real asset bank at

increased eucalyptus planting

for the pulp industry. Pulp

manufacturers have their own

carefully-run plantations —

now associated with Wiggins

and Soporel.

Meanwhile 30 per cent of the

LONDON MARKETS

WESTERN AFRICAN producer sales, particularly from the Ivory Coast, pushed cocoa values lower on the London futures market yesterday.

With a declining trend in the New York market adding to the downward pressure the May position closed at \$1,352.50, adding 15.50 to Tuesday's 24.50 fall. But

traders said the market continued to enjoy background support based on concerns about possible Brazilian drought damage. They also noted some manufacturer price fixing buying at the lower levels. In contrast the coffee market continued the rally which started after the May position had dipped below \$1,500 a tonne at one stage on Tuesday. Dealers

attributed the 22.50 rise to technical factors and said fundamentals remained basically bearish, however. On the London Metal Exchange aluminium prices were boosted by short-covering and the cash position closed 116 higher at 621.50 a tonne.

LME prices supplied by Amalgamated Metal Trading.

Aluminium

Official closing (am): Cash 621.50 (620.50), three months 621.50 (620.50), six months 621.50 (620.50). Final Korb close: 621.50.

Turnover: 24,000 tonnes.

Copper

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

Lead

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

Nickel

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

Zinc

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

Grains

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

Oil

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

Other

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

Summary

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

Index

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

Market

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

Index

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

Market

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

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Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

Market

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

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Turnover: 24,000 tonnes.

Market

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

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Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

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Turnover: 24,000 tonnes.

Market

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

Index

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

Market

Official closing (am): Cash 201.50 (200.50), three months 201.50 (200.50), six months 201.50 (200.50). Final Korb close: 201.50.

Turnover: 24,000 tonnes.

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Market

FOREIGN EXCHANGES

Nervous dollar improves

THE GENERAL picture on the foreign exchange markets was rather confused. Main factors influencing trading were: recent comments by Mr James Baker, US Treasury Secretary, the dollar's ability to hold above a technical support level on Tuesday; and continuing rumours about a Group of Five meeting to discuss currency problems.

Mr Baker's testimony before a US Congressional committee on Tuesday was regarded by dealers as ambiguous and open to various interpretations. It was not clear whether he regarded the dollar's fall as virtually over, or expected to see a further decline to correct the US trade deficit.

It was noted, however, that the dollar's sharp fall as an initial reaction to Mr Baker's speech stopped short of an important support level at DM1.7500. This led to short covering.

Rumours about a Group of Five meeting became more concrete. The West German Bundesbank issued a statement that the central bank has no plans for a new conference today on a G-5 meeting or any other topic.

The dollar rose to DM1.846 from DM1.7970, to FF6.05 from FF5.9520, to SF7.1580 from SF7.1575, and to Y123.65 from Y123.60.

STERLING - Trading range against the dollar in 1986-87 is 1.5555 to 1.5700. January average 1.5701. Exchange rate index fell 0.1 to 68.5, compared with 71.1 six months ago.

Sterling rose on the back of the dollar, but failed to keep pace with the US currency. There was no news to move the pound. A slight easing of

North Sea oil prices had no impact, and today's January UK unemployment figures are not expected to move the market. The pound lost 1.20 cents to \$1.5335-1.5340, but rose to DM2.2675 from DM2.26, to FF5.2175 from FF5.2050, to SF7.2450 from SF7.2435, and to Y234.10 from Y234.05.

D-MARK - Trading range against the dollar in 1986-87 is 1.7500 to 1.7570. January average 1.7568. Exchange rate index 148.6, compared with 139.2 six months ago.

The D-Mark weakened against the dollar in Frankfurt, in fairly quiet trading. The dollar rose above DM 1.81, boosted by speculation about tighter US credit policy, and in some confusion after recent comments by Mr James Baker, US Treasury Secretary. The dollar closed at DM 1.8185 compared with DM 1.7980 on Tuesday. At the fixing in Frankfurt the Bundesbank did not intervene when the dollar fell to

DM 1.8185, but the dollar showed little reaction.

ZAMBIAN KWACHA - The Zambian central bank in Lusaka has announced that a foreign exchange auction will take place next week. For the third week running the auction has been suspended this week. On January 28 the authorities announced that auctions would be retained for allocating foreign exchange to approved bidders, but would no longer determine the kwacha's exchange rate. At the last auction on January 24 the rate against the dollar was 14.92 kwacha, but on February 2 the kwacha was revalued to 9.0744.

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FINANCIAL FUTURES

Gilt prices recover

GILT PRICES recovered from the day's lows in late trading in the London International Financial Futures Exchange yesterday. The March price traded between a lower support level of 115-18 and resistance at 115-30. Trading volume was relatively low compared with the recent record highs. The performance of sterling continued to have a strong influence on market sentiment. The March price opened at 115-24 and closed at the same level compared with Tuesday's close of 115-18.

Three-month Euro-dollar deposits were slightly weaker overall following

the US authorities' failure to inject funds into the money market on an adequate level. Some dealers saw the rise in US domestic rates as an attempt by the authorities to hold the dollar at its current levels.

Others were more cautious since recent comments by Mr James Baker, US Treasury Secretary, tended to suggest that in the absence of further moves by Japan and West Germany to boost domestic consumption, the US authorities were likely to allow a further fall in the dollar's value. The March Euro-dollar contract finished at 93-48 down from 93-52 on Tuesday, having

touched a high of 93-53 during the morning and a low of 93-44.

US Treasury bonds were steady despite a lower start and managed to show a small improvement on the day, holding up well to the possibility of higher US rates. The March price finished at 98-21 up from 98-17 on Tuesday, having traded between a high of 98-25 and a low of 98-13.

Three-month sterling deposits were little changed on the day, opening at 99-27 after March delivery, unchanged from the previous close and trading in a four tick range before finishing at 99-25.

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LONDON SHARE SERVICE

INDUSTRIAL	Price	+ or -	Div	Yld
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[illegible]

INDUSTRIALS—Continued[illegible]

CANADA

Indices

[illegible]

NYSE-Consolidated 1500 Actives						LONDON - Most Active Stocks Wednesday, February 11, 1987						
Stocks Traded	3.50 p.m. Price	Change on Day	Stocks Traded	3.50 p.m. Price	Change on Day	Stocks Traded	Closing Price	Change on Day	Stocks Traded	Closing Price	Change on Day	
U.S. Steel	2,928,680	14 1/4	+	East Kodak	1,588,200	7 1/2	+	24 1/2	10	+	10	+
British Air	2,053,500	16 1/4	unch	AT&T	1,777,300	22 1/2	+	30 1/2	19 1/2	unch	8 1/2	+
IBM	1,400,000	40 1/2	unch	Gen. Elec.	1,559,500	13 1/4	+	29 1/2	24 1/2	+	8 1/2	+
Consolidated Nat.	1,387,300	43 1/2	+	Deere-H	1,222,200	5 1/2	+	30 1/2	24 1/2	+	8 1/2	+
East Motors	1,168,300	74 1/4	+	No Ind PS	1,016,000	11 1/4	unch	16 1/2	7 1/2	+	7 1/2	+

delayed benefits from lower oil prices.

Fares will fall further as deregulation spreads. But continuation of the present gradual approach may prove preferable to rapid liberalisation.


In the US, the airline free-for-all spawned numerous small, cheap operators, many of which were subsequently forced out of business.

Executive travel is already a lucrative sector for Far Eastern carriers like Singapore Airlines, which is expanding rapidly in the fastest growing area of the world.

SIA is one of the world's best airline investments, according to Miss Jennie Wootton, international airline analyst at Kluwerwin Gieben & Co., London.

The airline industry has been hit hard by the volatile stock market that tends to be more excited by property groups. Last month's purchase of a 12.5 per cent stake in Cathay Pacific by the China International Trust and Investment Corporation has encouraged the view that it might eventually be given access to more routes in the People's Republic.

World interest is bound to be high later than

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den halben Wert. Damit Sie Ihre Financial Times noch vor Geschäftsbeginn erhalten, haben wir unseren Botendienst in Ihrer Stadt weiter verbessert. Einzelheiten erfahren Sie von Financial Times in Frankfurt.

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OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales	High	Low	Last	Chng	Stock	Sales	High	Low	Last	Chng	Stock	Sales	High	Low	Last	Chng	Stock	Sales	High	Low	Last	Chng					
(Price)						(Price)						(Price)						(Price)										
Continued from Page 41																												
ACE	524	84	77	77	+	RayRys	76	15	886	357	243	251	+	ReuSw	76	115	14	123	123	+	Undine	76	1/8	244	211	24	+	
ADP	15	65	49	49	+	Rblm	100	22	100	22	22	22	+	Schw	76	12	347	30	29	29	+	UmsW	76	2/6	274	277	27	+
ADP	15	65	49	49	+	Rblm	100	22	100	22	22	22	+	Schw	76	12	347	30	29	29	+	UmsW	76	2/6	274	277	27	+
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ADP	15	65	49	49	+	Rblm	100	22	100	22	22	22	+	Schw	76	12	347	30	29	29	+	UmsW	76	2/6	274	277	27	+
ADP	15	65	49	49	+	Rblm	100	22	100	22	22	22	+	Schw	76	12	347	30	29	29	+	UmsW	76	2/6	274	277	27	+
ADP	15	65	49	49	+	Rblm	100	22	100	22	22	22	+	Schw	76	12	347	30	29	29	+	UmsW	76	2/6	274	277	27	+
ADP	15	65	49	49	+	Rblm	100	22	100	22	22	22	+	Schw	76	12	347	30	29	29	+	UmsW	76	2/6	274	277	27	+
ADP	15	65	49	49	+	Rblm	100	22	100	22	22	22	+	Schw	76	12	347	30	29	29	+	UmsW	76	2/6	274	277		

LONDON

Chief price changes

(in pence unless otherwise indicated)

RISES

Amb Day	25	+ 4	Berist (S.&W.)	268	+ 6	Exc Jewellery	32	+ 16	Marshall (T.) (L.)	134	+ 6
Amst	166	+ 19	Br Walker	337	+ 13	Glaz	£134	+ 9½	Mowlem (J.)	402	+ 10
Aust & Wiborg	121	+ 13	Britoil	195	+ 7	Guinness	307	+ 15	Next	286	+ 7
Avon Rubber	500	+ 30	Cad Schw	237	+ 11	Imp. Cont. Gas	631	+ 12	P. & O. Defd.	608	+ 17
			Dew Warren	192	+ 24	Int. Sign & Contr	289	+ 17	Petranoi	54	+ 8
						I Cooper	333	+ 35	Phoenix Props	152	+ 17
						Leard P Hotels	680	+ 27	R Mackintosh	469	+ 14
						Lorbro	272	+ 10			
						Lookers	256	+ 11	Falls:		
						MEPC	3594	+ 7½	Miner Hldgs.	271	- 6

JFK COMPANY NEWS
IN-DEPTH REPORTING DAILY IN THE FT

FOR COMPANY NEWS

11/11/19

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AMEX COMPOSITE CLOSING PRICES

Stock	P	52	1000	High	Low	Close	Change	Stock	P	52	1000	High	Low	Close	Change	Stock	P	52	1000	High	Low	Close	Change	Stock	P	52	1000	High	Low	Close	Change
ACRIP	23	14	14	14	14	14	0	Cubic	39	61	108	139	129	124	+1	ISS	16	24	18	7	6	6	6	0	PopEv	200	212	24	24	24	0
Acipr	1.20	25	141	141	141	141	0	Gulfco	56	17	33	39	33	39	+3	IOG	208	449	439	449	449	0	ProEd	41	213	43	43	43	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208	449	439	449	449	0	R	1	1	1	1	1	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208	449	439	449	449	0	R	1	1	1	1	1	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208	449	439	449	449	0	R	1	1	1	1	1	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208	449	439	449	449	0	R	1	1	1	1	1	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208	449	439	449	449	0	R	1	1	1	1	1	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208	449	439	449	449	0	R	1	1	1	1	1	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208	449	439	449	449	0	R	1	1	1	1	1	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208	449	439	449	449	0	R	1	1	1	1	1	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208	449	439	449	449	0	R	1	1	1	1	1	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208	449	439	449	449	0	R	1	1	1	1	1	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208	449	439	449	449	0	R	1	1	1	1	1	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208	449	439	449	449	0	R	1	1	1	1	1	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208	449	439	449	449	0	R	1	1	1	1	1	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208	449	439	449	449	0	R	1	1	1	1	1	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208	449	439	449	449	0	R	1	1	1	1	1	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208	449	439	449	449	0	R	1	1	1	1	1	0		
Acipr	2.10	51	25	25	25	25	0	D	4	4	4	4	4	4	0	IOG	208														

Sales					Stock					Sales					Stock					Sales					Stock									
High	Low	Last	Chg		High	Low	Last	Chg		High	Low	Last	Chg		High	Low	Last	Chg		High	Low	Last	Chg		High	Low	Last	Chg						
15	408	204	20	204	17	475	51	405	51	25	18	174	18	174	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84
20	268	104	12	104	24	196	18	18	18	25	18	174	18	174	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84
17	258	104	12	104	24	196	18	18	18	25	18	174	18	174	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84
12	258	104	12	104	24	196	18	18	18	25	18	174	18	174	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84
12	258	104	12	104	24	196	18	18	18	25	18	174	18	174	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84
12	258	104	12	104	24	196	18	18	18	25	18	174	18	174	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84
12	258	104	12	104	24	196	18	18	18	25	18	174	18	174	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84
12	258	104	12	104	24	196	18	18	18	25	18	174	18	174	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84
12	258	104	12	104	24	196	18	18	18	25	18	174	18	174	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84
12	258	104	12	104	24	196	18	18	18	25	18	174	18	174	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84
12	258	104	12	104	24	196	18	18	18	25	18	174	18	174	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84
12	258	104	12	104	24	196	18	18	18	25	18	174	18	174	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84	18	186	54	81	84
12	258	104	12	104	24	196	18	18	18	25	18	174	18	174	18	186	54	81	84	18	186	54	81	84	18	186	54	81						

Continued on Page 39

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Late spurt out of doldrums

WALL STREET

STAGING A RALLY late in the session, Wall Street share prices notched up moderate gains after drifting most of yesterday, writes Roderick Oram in New York.

Some help came from the credit markets where bond prices rebounded during the afternoon as the Fed funds rate fell sharply. Bond prices ended essentially unchanged after being down as much as 1/8 point earlier in the day.

The Dow Jones industrial average closed up 13.92 points at 2,711.96 after spending most of the day in a holding pattern around the previous day's close. A similar pattern was followed by the broad market indices. The Standard & Poor's 500, closed up 2.46 points at 277.53 and the New York and American stock exchange composite indices were ahead 1.29 to 188.47 and by 1.80 to 315.44 respectively.

NYSE volume was moderately heavy at 172.7m shares with advancing issues pulling ahead of those declining late in the session to a margin of nine-to-five.

Yesterday's session was marked by considerable caution over whether prices would fall for a fourth consecutive session in the face of rising interest rates, a weak dollar and other negative factors. But the bond market rally instilled enough confidence to trigger sharp covering in equities although buying was selective.

Among the blue chips, Allied Signal gained 3/4 to \$45.41, AT & T edged up 1/8 to \$23.31, Boeing gained 1/4 to \$50.44, Ford Motor added 1/4 to \$17.50, Eastman Kodak rose 1/4 to \$27.84 on speculation it would announce a share buyback and IBM put on 1/4 to \$13.34.

British Airways' American depositary receipts jumped more than 50% to \$18.75 with more than 2.8m traded on their debut day, making it the second most active NYSE issue. The US portion of BA's flotation was sealed back to 6m ADRs from an oversubscribed 7.5m because of strong demand in the UK. The ADRs, each representing 10 BA shares, were placed yesterday at a first instalment price of \$9.92 with the remaining \$9.15 due August 18.

Among US airline stocks, Texas Air gained 1 1/4 to \$49.00 on the American Stock Exchange on a sharp return to profit in the fourth quarter. AMR rose 1/4 to \$58.00, UAL gained 1/4 to \$57.74, Delta Air Lines put on 1/4 to \$61.44 and NWA fell 1/4 to \$56.00.

Diamond Shamrock rose 1/4 to \$15. The oil group was the most active NYSE issue with 10m shares traded. It is going ahead with a restructuring plan which includes the buyback of 20m shares at \$17 each after fighting off a takeover attempt by Mr. J. Boone Pickens. The Texas oil rider confirmed yesterday he had sold his Diamond shares.

Johnson & Johnson rose 1/4 to \$80. The health care group announced fourth-quarter net profits of 82 cents a share against 70 cents a year earlier. It also filed for regu-

latory approval of a new sweater derived from sugar which could eventually be highly profitable for the group.

Baxter-Travenol gained 1/4 to \$24 on a sharp rebound in profits. Among other drug groups, Merck fell 1/4 to \$13.34, Eli Lilly added 1/4 to \$64.44, Squibb rose 1/4 to \$150.44 and Pfizer advanced 1/4 to \$68.44.

Cummins Engine, the leading US maker of diesel engines, bounced back from a sharp early loss to a gain of 1 1/4 on the day to \$79. Its fourth-quarter profits plunged to 16 cents a share from \$1.83 a year earlier.

Holiday Corp., the Holiday Inns chain, edged up 1/4 to \$77.75 after reporting fourth-quarter profits of 42 cents a share against 99 cents a year earlier.

Among companies reporting higher earnings, Capital Cities/ABC, the broadcasting and publishing group, added 1/4 to \$31.00, Times-Mirror, newspaper publishers and broadcasters, put on 1/4 to \$7.64.

In the credit markets, short covering prompted by a fall in the Fed funds rate triggered a minor late afternoon rally which left bond prices unchanged after losses of up to half a point in the morning.

The price of the 7.50 per cent benchmark 30-year Treasury bond ended at 98 3/4 at which it yielded 7.81 per cent. Treasury bill yields showed a similar pattern leaving the discount rate on three-month bills up only three basis points at 5.82 per cent, yielding 5.97 per cent.

The markets had started the day badly despite a firmer dollar. Investors and traders were worried about the prospect of a further rise in interest rates. Short-term rates came under pressure again from a rise in the Fed funds rate to 6% per cent. Longer-term rates continued to edge up as market players grow more doubtful that the Federal Reserve will cut its discount rate given the early signs of economic strength in the first months of the new year.

The Fed funds rate, at which banks lend reserves to each other, fell to only 4 1/4 per cent in late afternoon. Yesterday was the end of a two-week reserve reporting period.

CANADA

MOST SECTORS edged back further in slow trading in Toronto, with the market regaining balance after Tuesday's steep falls.

British Airways was the most active stock in early trading, its American depositary shares steady at C\$22. Other active shares were mixed.

Canadian Pacific rose C\$2 to C\$22 to recoup recent losses, but Husky Oil fell C\$1 1/4 to C\$11 1/4 in a generally mixed energy sector.

Dome Petroleum added 1/4 to C\$1.08, Imperial Oil Class A gained C\$1/4 to C\$28 1/4, but Gulf Canada slid C\$1/4 to C\$26 1/4.

MacMillan Bloedel gave C\$1 to C\$58 on news it is to spend C\$70m to expand capacity at its British Columbia newsprint plant.

Montreal-based, while Vancouver firms edged slightly.

Alison Maitland in London examines the trend towards airline privatisation

Flag carriers break through the clouds

BRITISH AIRWAYS today, Japan Airlines tomorrow. Maybe Air France before too long. The privatisation trend around the world is taking wing as more and more national airlines come to the stock market.

For governments anxious to sell off state assets, the flag carrier is an attractive candidate: highly visible, invested with international status and national pride.

Pressure for privatisation has coincided with the skies being gradually opened to competition. By encouraging private sector airlines, such as British Midland Airways or Transavia in the Netherlands, to compete on routes previously the preserve of the national carrier, some governments are finding it increasingly inappropriate to be too closely identified with the latter.

The French carrier UTA has recently been allowed to compete in the US with Air France, whose privatisation, although not in the immediate pipeline, is no longer the taboo subject it once was.

The success of the BA flotation, and of other recent share offerings in KLM and Singapore Airlines, suggests a high level of investor enthusiasm for the industry.

It is undoubtedly a growth business. Boeing forecasts that air traffic will grow to 1990 at an average annual rate of 6.1 per cent in Europe, 6.6 per cent in the US and 8.5 per cent in Asia and the Pacific region.

Yet airline share prices can change direction rapidly, subject to a host of influences outside their control, such as the world oil



Lord King, chairman of British Airways, at yesterday's launch of the airline on the London stock exchange.

price, currency fluctuations, international politics and terrorism.

"They are growth stocks, but profits are volatile," said Mr Tom Hill, international airline analyst at Warburg Securities. "It is difficult to predict what next year's figures are going to be and that will limit the rating of the shares."

The UK Government has been only too aware of this with BA. After a mass of publicity for the flotation of British Gas, which was aimed at first-time buyers, it made clear at first that it saw BA as an issue for the more

sophisticated investor. Eventually the issue was priced so as to ensure wide public support and in the allocation large investors were virtually frozen out.

KLM, the European airline most comparable to BA with its relatively free air policy and over 60 per cent of its equity publicly traded, has had a difficult time since the success of its global public offering of 15m common shares last March.

Against an issue price of \$20.50, equivalent then to about £1 54 the stock has fallen below £1 40 on an admittedly weak bourse. The company is forecasting that the low dollar and keener competition will have squeezed 1986 profits to below the £1 312m (£150m) of 1985, the first fall in six years.

The KLM offering was a cautious affair with most of the proceeds of BA's flotation. It succeeded well, according to one London analyst, thanks to the distinction of the names in the underwriting syndicate led by Merrill Lynch.

Like other European airlines, KLM suffered badly in the early part of the year when Americans were deterred from travelling by the weak dollar, terrorist attacks in Europe and the Chernobyl nuclear accident. It also faced cut-throat competition on the North Atlantic route, which provides some 40 per cent of its revenue, and on the deregulated Amsterdam-London route. The sharp fall in the oil price failed to provide sufficient relief.

Some London analysts see little upturn in

Continued on Page 39

EUROPE

Brussels lifted by share scheme

TRADING was thin in Europe yesterday as many investors awaited developments on the currency front. Corporate news and domestic factors provided the main interest.

Brussels was lifted by local enthusiasm for a government scheme to encourage share investment and by foreign buying of select blue chips. The Stock Exchange index added 15.41 to 4,040.86.

The scheme, which takes the form of pension savings plans with tax reductions, has its investment deadline on Friday, so there was a rush of buying.

Among the day's strong gains, Petrofina was up Bfr 70 to Bfr 9,470 and Groupe Bruxelles Lambert, Bfr 20 higher at Bfr 3,328.

Frankfurt finished little changed in very thin trading, but prices picked up a little from earlier lows as the dollar firmed against the D-Mark.

In cars, Porsche lost DM 30 to DM 840 after the company announced lower 1986 profits and predicted a further decline in 1987. BMW was down DM 6.50 to DM 491.50 and Daimler rose 2.50 to DM 980 but VW rose DM 1 to DM 340.50.

In mixed chemicals, Hoechst lost

LONDON

BRITISH AIRWAYS dominated trading as prices finished sharply higher but still off the day's highs. The FT-SE 100 jumped 20.9 to 1,885.5 while the FT Ordinary index added 15.9 to 1,508.5. Strong buying by UK institutions combined with good economic growth prospects for this year to bolster sentiment.

BA enjoyed strong institutional

al demand which pushed the airline stock up to 118p for the 5p partly paid share but eased back to close at 109p.

Government securities recovered slightly but remained nervous.

Chief price changes, Page 36; Details, Page 38; Share Information Service, Pages 36-37

SOUTH AFRICA

THE TRENDLESS bullion price and the financial rand's strength continued to dampen market spirit in Johannesburg, although share prices recovered partially from Tuesday's falls.

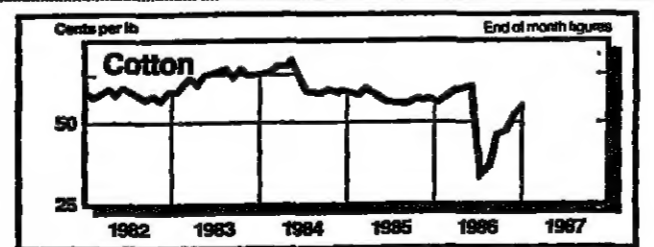
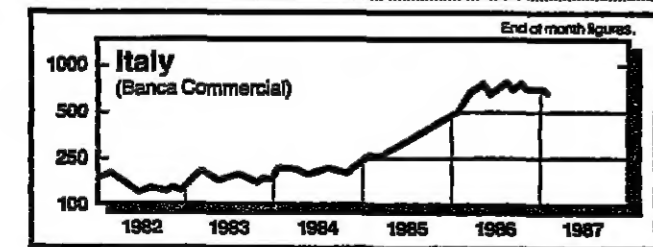
Among golds, Vaal Reefs recovered R3 to R380, but Harmony shed 50 cents at R48 as the sector closed mixed.

Platinum and diamonds rallied slightly with mining financials steady.

Anglo American, however, added R2.25 to R48.50.

Industrials were active and firmed to leave the index up 10 at a new high of 1,538. The previous record of 1,534 was set on February 3.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Feb 10 Previous Year ago	Feb 11 Previous Year ago
DJ Industrials	2,711.96	2,150.04
DJ Transport	915.21	907.82
DJ Utilities	221.28	221.50
S&P Comp.	277.54	275.07

LONDON FT	Feb 10	Feb 11
Ord	1,508.5	1,450.0
SE 100	1,885.5	1,874.9
A All-share	841.41	832.38
A 500	1,041.96	1,030.53
Gold mines	320.7	318.5
A Long gilt	9.92	9.82

TOKYO	(c)	19.81.96	(c)
Nikkei	(c)	1,733.75	(c)

A 500	1,041.96	1,030.53	783.90	372.28	372.55	395
Gold mines	320.7	318.5	330.5	SINGAPORE Straits Times		

AUSTRIA	Credit Aldien	201.59	201.57	238.74
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GERMAN DAX	Belgen	4,040.66	4,025.25	3,039.56
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				Industrials	—	1,528.0	1.09
AUSTRALIA							
ASX-1				1,552.0	1,553.7	1,001.6	
				RETAIL	Market SE		

DENMARK	SE	210.25	210.25	229.18
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BELGIAN SE		SWITZERLAND		Swiss Bank Ind	
Belgian	4 040.68 4 026.25 3 039.56		570.10	571.20	58

CURRENCIES (London)

US DOLLAR	Feb 11 Previous	1.8235	1.8235
DM	1.8165	1.8170	2.7675
Yen	153.65	152.45	254.0
Sfr	6.05	6.025	9.2175
FF	1.2580	1.2520	2.345
Fl	2.0435	2.0480	8.1225
Lira	1.222	1.228	1.385
Bfr	37.25	37.75	57.35
CS	1.3425	1.3580	2.0475

INTEREST RATES

FT	2,040.0	2,040.0	1,988.5	1,962
Mrs	1,292	1,289	1,988.5	1,962
BFR	37.85	37.75	57.35	57.10

Source: Harris Trust Savings Bank

FINANCIAL FUTURES

US Treasury Bonds (CBT)	Feb 11	Prev
5% 20yds of 100%	98-02	98-05
5% 10yds of 100%	98-02	98-05
5% 5yds of 100%	98-02	98-05

COMMODITIES (London)

DM	4 1/2	4 1/2	3-5	142.12	-0.22	0.37	+0.
FFr	8 1/2	8 1/2	3-5	155.91	-0.73	6.95	+0.
London			15-30	188.40	-2.22	8.02	+0.

GOLD (\$/OZ)

6-month US\$	6 1/8	6 1/8	Corporate	February 10 ^a	Prev
US Fed Funds	6 1/8 ^b	6 7/8			
US 3-month CDs	6 15 ^c	6 22 1/2			

Muscle in on the thriving German economy.

Germany boasts the third largest economy and fourth largest stock market in the world.

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It's a fund that has been created specifically to take advantage of the political stability, financial strength and commitment to sheer hard work which has made Germany the most successful industrial nation in Europe.

WILL GERMANY'S STRENGTH CONTINUE?

Germany's economic, monetary and social climate has encouraged steady long-term industrial growth. As a result, German industry confidently continues to invest in its own future prosperity. With an inflation rate now below 1%, coupled with low interest rates, the German economy is looking healthy.

German manufacturing industry, with its strong, stable management and its excellent industrial relations record, is reaping the rewards of the ever growing reputation of its products in the world markets.

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GT has many years of investment experience in European markets and were among the first to spot the dramatic changes in the German market.

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GT was one of the first to notice that it had successfully shaken off its traditional lethargy.

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(The GT Germany Fund, launched in the UK on 16th September 1985, rose some 63.7% as at 14th January, offer to offer)

WHY IS THE TIME RIGHT FOR GERMAN INVESTMENT?

GT believes that the long-term trend is still highly promising and that Germany is now an essential part of any portfolio.

As a group, GT's policy has always been to take a longer view - to aim for consistent, solid growth over time, and as far as Germany is concerned, the time still seems right.

The GT Deutschland Fund offers investors the opportunity to profit from the continuing strength and stability of the German stock market.

And the sooner you take advantage of it, by filling in and sending the coupon below, the sooner you could be watching your money grow.

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